

UNITED STATES OF AMERICA
NUCLEAR REGULATORY COMMISSION

EXTERNAL STAKEHOLDERS MEETING REGARDING
VOLUNTARY INDUSTRY INITIATIVES

Holiday Inn

O'Hare International Airport

Love B Room

Rosemont, Illinois

Wednesday, October 27, 1999

The above-entitled meeting commenced, pursuant to
notice, at 8:10 a.m.

PANEL MEMBER:

JACK STROSNIDER

MIKE TUCKMAN

LEWIS SUMNER

ALEX MARION

ROBERT HERMANN

PARTICIPANTS:

CHARLIE BRINKMAN

ROBIN DYLE

BOB PALLA

STEVEN R. STEIN

P R O C E E D I N G S

MR. HERMANN: Good morning. We're here for a stakeholders meeting. It looks like that we've got a reasonably good start this morning. The panel and the audience are about equal, so I guess you can't ask for much more than that.

With that, I guess I'd like to introduce the panelists: Alex Marion from NEI, Lewis Sumner from Southern Company, Mike Tuckman from DuPont, and Jack Strosnider from the NRC. And with that, I think I'm going to get started with a presentation.

What we're here this morning to talk about is the process development for the implementation of voluntary industry initiatives, and the end of this is probably important, in lieu of regulatory actions. The whole idea of this is the industry comes forth with addressing problems rather than the commission taking actions to address them, and we'll get into a little better characterization of the problems maybe a little further on in the meeting.

In terms of what we're talking about this morning, this is the development of guidelines and a process to do this. We're going to cover background, definition and initiation of voluntary initiatives, identification of staff and industry roles, tracking of licensee commitments, whether it's needed or not or -- and if it would be done, how it might be done;

1 planning and resource allocation for the industry and the NRC;
2 a discussion of fee management; develop of inspection and
3 monitoring guidelines; public participation in the process; and
4 developing enforcement procedures if there are any; and lastly,
5 we're going to talk about a schedule for finalizing the
6 guideline and the process of what we're trying to do here.

7 As a little background, the use of voluntary
8 initiatives in the regulatory process was the subject of a
9 commission paper. It proposed that -- it was in the March 2,
10 1999, the SECY-99-063, and it proposed to the commission that
11 industry initiatives are acceptable as a substitute for
12 regulatory actions where the actions needed to meet
13 requirements or an increase in overall protection with
14 justifiable implementation costs, which sounds like 50/109 type
15 of justifications.

16 The commission after that came back and agreed that
17 voluntary initiatives are applicable to use in lieu of
18 regulatory action. They directed the staff to go forth with
19 industry and other stakeholders to develop a process and
20 guidelines to do this. The schedule for doing it is provide
21 the results to the commission prior to the implementation of
22 May of 2000. Address concerns in particular regarding
23 enforcement and potential licensee failure to meet commitments
24 were things that were stressed by the commission in the SRM.

25 They requested that the decision-making process be

1 formalized and that public confidence be considered in its
2 development.

3 In particular, we think there are three types of
4 initiatives that are worth discussing for this. The first one
5 of these is the -- those that substitute for regulator actions,
6 and what we've done is changed the definition a little bit more
7 to have that read, for issues that are within the design basis.
8 And what we would use as an example for this type of thing or
9 things that I would consider to be like a compliance backfit if
10 we were to issue a generic letter, which basically was the way
11 the VIP was.

12 We started out with a couple of -- a generic letter
13 and eventually the program evolved into a voluntary program to
14 develop topical, and with commitment the industry was going to
15 follow it. So that I think is an example of what I think would
16 be the most likely use of these. I think there are other uses
17 in other programs that are also in the mill, but to date,
18 that's certainly one where we're really in this arena here.

19 The second one of these -- they are significant
20 issues, including those that are risk-based, that I'll call
21 outside of the design basis, but are justifiable as a safety
22 enhancement. And I guess my example of that would probably be
23 something like severe accident work maybe that was done, that
24 was something -- it was considered significant. To me it was
25 clearly outside the design basis, but I think it was

1 justifiable under 5109, yet the commission decided not to go
2 ahead and do any rulemaking on the subject.

3 Thirdly, our issues that are low-risk and low safety
4 significance, but allow significant resource savings to the
5 staff of the industry. And I think those kind of issues -- I
6 think at the last meeting in Chicago there was a discussion of
7 those things and the things that fell into that. I think there
8 was some discussion from somebody in the audience, basically
9 badging type issues. A number of utilities decided that it was
10 efficient for them to set up procedures and do some work and
11 put an initiative in place to facilitate badging at the units,
12 and that is something that -- I would see there would be little
13 or no NRC involvement in something like that.

14 And just a note on the bottom of the slide, the other
15 thing that came out of the commission paper and something that
16 was agreed to at the last meeting is if issues deal with
17 adequate protection, those are the responsibility of the
18 commission. And I think there may be some questions of where
19 you start with safety; where safety enhancements end and where
20 adequate protection starts, and maybe we need to work on that
21 in part of the process.

22 Getting down into the nuts and bolts of how to do
23 this, one of the things that came down in the SRM was who's it
24 going to take and at what level should a voluntary initiative
25 start? The commission was saying do they need to approve it?

1 We like to do something in the paper and put in the levels of
2 responsibility on both sides. I think as a practical matter,
3 what we've seen in the past, that something like either office
4 level or associate office level for us and usually a
5 vice-president in charge of a group or some responsible
6 individual like that from NEI or from one of the owners groups
7 here. To me, what I would think would be the proper level for
8 agreement for initiating one of these things -- and that's
9 something I think we'll get to later today and get everybody's
10 view on where to kick these things off and how to do it.

11 I think we ought to have some kind of rules for this
12 in terms of significance of the issue, how quick it needs to be
13 addressed, maybe a basis for that. Do we need to put that in
14 the process? Do we need to talk about things like what's the
15 threshold for the issue? And it could be dollars, it could be
16 rem, it could be benefit -- it seems that we ought to have
17 something in terms of maybe some number of man hours to be
18 expended on both sides before you'd kick off something like
19 this. Like typically with VIP issues, they were applicable to
20 all the plant. It was a very large program; a lot of dollars
21 involved. I'm sure the MRP works in the same of thing.

22 So I think we need to try to do that as part of the
23 process development; get kind of an agreement -- how big the
24 problem needs to be if we're going to address it and come up
25 with rules for how we're going to do that.

1 Guidance is needed for creating -- we've got time
2 lines for establishment of the initiatives. How long do we
3 have to get it in place, come up with schedules? One of the
4 things that we find that's made the VIP very -- work well is
5 the fact that we've agreed on schedules of goals for getting
6 equipment, getting reports in, getting turnaround on reports.
7 It's been something that's been an interplay on both parts.
8 Both people have cooperated in terms of trying to meet the
9 schedules, and we've been responsible to each other in terms of
10 the scheduling, so I think we need to maybe get an
11 understanding on that.

12 And the next thing is I guess something I talked
13 about earlier, the management of -- what level of management
14 pursues and endorses initiation of the initiatives, and we've
15 been through that. And then the next question is how do you
16 document it and what's the process for that?

17 One of the things that worked well, I think, on the
18 VIP, and maybe I assume -- Jack, maybe you can comment on -- or
19 Mike on the MRP program. We think it's very helpful to
20 establish lead contacts for the staff and industry, probably
21 both, at a management policy level and at a technical level.
22 Things seem to work well if there's clear communications and
23 clear points of contact for the job.

24 This is a place that I think we're going to need to
25 talk about things during the day, is what do we want to do with

1 the initiative? This type of process is pretty well typical of
2 what the VIP was. This may be more typical of -- I guess I
3 ought to read them since they're for the record -- staff review
4 and approval of the topical reports. This was the nature of
5 the VIP. It was basically a set of topicals proposed by the
6 industry. The staff worked with the industry, approved the
7 topicals, issued them for use. There was a commitment by the
8 group to use it.

9 I guess the second approach is -- I think this is
10 more like the MRP has worked probably on this issue; staff
11 review and comment on industry guideline documents rather than
12 any approval in the process. The question is, if you do this
13 and if it were an issue that were in lieu of a regulator
14 action, how is the utility committed to do this, if it's
15 committed? If it's not committed, what recourse does the
16 commission have? Maybe we ought to talk about that today.

17 Then there could be another type of initiative where
18 there's no staff reviews at all, only perhaps inspection
19 follow-up on the issue. That might be another way to do
20 things. And there probably are things that are in between
21 those, so that's something else that we're going to need to go
22 over today.

23 The next thing we've got on the list here is tracking
24 of commitments, tracking of resources included in the fiscal
25 process, and the operating plan, and inform stakeholders of the

1 status, so there's got to be a way of transferring information
2 between licensees, the public, NRC, and there's got to be
3 something in here for tracking resources in the fiscal process,
4 in the operating plan, basically tracking resources on our side
5 and tracking the resources probably on the industry side. This
6 turns out to be pretty important in terms of what the
7 expectations are in terms of what can be accomplished in a
8 time.

9 I think if there isn't some kind of
10 counter-discussions between the two sides it makes it pretty
11 hard to be able to come up with efficient plans and schedules
12 if you really don't know what the resource implications are.
13 And the other thing is tracking of commitments right now --
14 we'll talk about this more -- we don't intend to do anything
15 probably any further than what's going on aside from this
16 effort in the initiative. I think it's -- is it with any,
17 Alex, for developing -- for guidance on tracking commitments?
18 And I think it's basically going to be through the utilities,
19 but that will be something that will be included in the final
20 paper that goes upstairs, and I guess we can talk about that a
21 little later.

22 I think the other thing that we need to have on the
23 table for discussion today is the planning and the resource
24 allocations, and in terms of that I think we really need to
25 have some discussions for process again: how we would work

1 with the industry and how we would stop and establish
2 schedules. We have an operating plan that we're working to.
3 If something comes in, we need to get input, so we need to see
4 if we have resources that can work on the program and we have
5 to reallocate resources. We can't do any of that type of thing
6 unless we understand what the industry's committing to the
7 program and what the schedules are. So we think it's important
8 to have something fairly structured in the process for doing
9 this.

10 Again, there ought to be clearly established contacts
11 for accomplishing this and we need the data to support the
12 budgeting process for staff, for the year -- if it's a
13 multi-year effort, for future reference, for the thing. I
14 assume industry would need the same thing.

15 And this is something and it's usually near and dear
16 to everybody's heart, is money; fee management, develop
17 appropriate guidance for assessment of NRC fees that involve
18 review of the proposal. What's the criteria for billing, who
19 gets billed, implementation of some type of a tracking system,
20 I think. Does it fit in the present system in general? And
21 the real bottom line of this, is it -- is the money going to
22 come out of the general overhead funding for things or is it
23 going to be initiative specific?

24 I would think that -- we had some internal
25 discussions with our budgeting type people and billing type

1 people, and it's their opinion that if things are -- probably
2 involve more than a couple of plants, it can come out of the
3 general overhead fund. So that's something that's on the
4 table.

5 Inspecting and guidelines -- this is establish an
6 inspection monitoring plan upon the program committed to by the
7 licensee or maybe not even committed to by the licensee but
8 undertaken by the licensee. The question is, why would you
9 even be doing an inspection on something that's voluntary, and
10 I guess what I would say the answer would be on that, again,
11 we're talking about things that are used in lieu of regulatory
12 actions. If something floats to the level that it's an
13 important issue, important from safety, which to me would pass
14 like 109 backfitting criteria or were it a compliance-type
15 thing. Then that would be the things that would be in here.

16 But to take that -- I think we're going to try to --
17 at least our thinking is right now on this, the way we would
18 look at that would be in terms of what the changes that are
19 going in an inspection these days, and rather than look at it
20 traditionally as a strictly compliance-based type of program
21 like people have done in the past, I will throw this slide up
22 there which nobody will probably know how to read any better
23 than we do.

24 But this was kind of our first thought of this with
25 the inspection people, and I have the back up slides on the new

1 inspection program, but I don't think anybody wants us to put
2 these up there because I don't think anybody understands them
3 anyway. Going through it though, the screen would be, does it
4 have risk significance? If you get a yes, it gets into the
5 cornerstones and then is there something in place to handle it?
6 If not, does it have a performance indicator in it? If it has
7 an indicator, we probably think you don't need it inspected at
8 that point, because the indicator's already in place. And then
9 the question of if it doesn't, do you want to develop one?

10 The next screen would be, is it within the scope of
11 the risk program -- the risk-informed baseline program? And if
12 it was, no further action would be required because it would be
13 covered by whatever the existing requirements are in the
14 program. If not, the question is, where do you put it, in the
15 baseline supplemental? You look at this thing -- is it
16 necessary to meet program objectives of the supplemental
17 inspection program? And then from that we would develop mainly
18 a one-time TI.

19 But the point of this whole thing is we're going to
20 try to go through a risk screen before anything comes out on
21 inspections, and if we're into say a type of program that there
22 is no overview on, say there's no topical reports and there's
23 nothing else, that there's got to be some point -- at least
24 some way of understanding what's really going on with these
25 programs. Are they really being implemented? I think the

1 commission's pushing us to the point -- and this is my
2 opinion -- that they're at least asking are the utilities doing
3 the programs and if they're doing the programs, are they
4 meeting their commitments?

5 Well, if there's no commitments, the only thing you
6 can do is say, This is the program they're working to and are
7 they meeting it or aren't they meeting it, and if they're not
8 meeting it and it's risk-significant, then it's in our court,
9 does the Agency want to take an action to do something about
10 it, since it would lead to 109 criteria.

11 This is Steve Stein.

12 MR. STEIN: Inspection program branch and NOR. I
13 wanted to clarify the bottom bullet of how we might oversee a
14 voluntary initiative in inspection. Essentially, there are
15 three parts to the inspection program.

16 We have what we call the baseline -- a risk-informed
17 baseline inspection program, which is the minimum inspection we
18 will do at every facility. Then we have a supplemental
19 inspection program which is over and above the baseline, which
20 would be done based on licensee performance, and we have set
21 thresholds, so if there is a significant inspection finding or
22 performance indicators cross threshold, we would do additional
23 inspection that comes out of the supplemental program.

24 And the third piece is the -- what we call generic
25 safety issues inspections, and these are one-time inspections

1 based on some perceived problem in the industry, and those are
2 done with temporary instructions. And those could be done at
3 every facility or it might be done at a sampling of the
4 facilities, and we might -- and the previous slide which showed
5 the logic diagram -- essentially showed how we would get to
6 each of those pieces. But it's not quite as rigid as that. We
7 could use or may use some aspect of all three parts of the
8 program.

9 For example, if voluntary initiatives were started by
10 the industry we might go out and do some sort of a baseline
11 inspection, that is figure out how well the initiative is being
12 implemented with a TI. It's a one-time inspection to be done.
13 If there were aspects of the voluntary initiative that we felt
14 needed some periodic oversight or periodic review, that would
15 be done by the risk-informed baseline inspection program. If
16 it's already covered by the baseline we wouldn't add any
17 additional requirements, but if it's not, then we would add new
18 requirements to the baseline.

19 And the supplemental program, again, is based on
20 performance, so there might be aspects of the voluntary
21 initiative that we would look at if a problem surfaced at the
22 facility. Again, if a performance indicator crossed a
23 threshold or there was a significant inspection finding, based
24 on that finding we related to the voluntary program, we would
25 have in our supplemental program additional requirements to go

1 look deeper into that process.

2 MR. HERMANN: Steve, what I was going to say, one of
3 the things that -- I guess what my view would be of the
4 inspection and monitoring guidelines right now -- this is a new
5 process. We haven't worked voluntary initiatives in terms of
6 inspections, in terms of what you do with these things from the
7 inspection guidelines. This is something that needs to go in
8 the commission paper. It needs to get the industry input on
9 the subject. It needs to develop a set of rules so everybody
10 understands up front how the thing fits in the process.
11 There's no guessing on both sides.

12 This is where I think we stand today in terms of
13 risk-based type of inspections. This is for things that are
14 what I'll say are in place or have gotten here through the
15 licensing basis or have gotten here through other methods.
16 They really haven't been a part of this process. I think we
17 really need to tailor how inspections fit into this process,
18 get it to the commission, and get agreement on this is what the
19 inspection and monitoring guidelines are for industry -- for
20 voluntary industry initiatives, especially those in lieu of
21 regulatory actions. And it needs to be part of the development
22 of the process.

23 The next subject to talk about -- and we'll throw
24 this up in the middle -- one of the things that came out of the
25 SRM was the process must provide a forum for public

1 participation and reasonable access to information when
2 complementing or substituting for regulatory action. Under
3 that would be appropriate information available to keep the
4 public informed and to support participation. We can make long
5 strides to that by using what's available in the NRC now in
6 terms of the web pages, in terms of getting things on the
7 docket. I just saw something the other day that -- the public
8 document rooms are now being closed under a new law, so
9 obviously this is going to be the vehicle for making -- one of
10 the vehicles for making information publicly available.

11 The other issue that needs to be addressed -- and
12 this was a problem that we ran into on the VIP program -- a lot
13 of these programs are paid for by industry resources. They are
14 things that the groups own, and there is a worth to these
15 things in terms of investment to develop the procedures.
16 There's a worth to them in terms of just the information
17 itself -- design information associated with things. You run
18 into a battle here of, how do you write a meaningful -- how do
19 you put something meaningful on the street so the public can be
20 involved and understand what's going on in the initiative and
21 protect the rights of the people that are paying for the thing?

22 I think we finally ended up hitting a good compromise
23 on the VIP in terms of a rewrite on some of the reports,
24 putting in things that maybe weren't so proprietary, that I
25 think you can get to the point of putting in enough information

1 to make things understandable and not giving away the store, in
2 terms of things that are proprietary and worth money. That was
3 done on the second part of the VIP program where they were
4 looking to do things in terms of -- use those same topical
5 reports as the basis for license renewal for the internals, and
6 it seemed to be very effective. And what we did the second
7 time, we paid a little bit more attention of coming up with
8 good non-proprietary versions of supporting material.

9 I think we were more careful with it in terms of the
10 license renewal context, in terms of -- that information be
11 subject to hearings, and we're asking that there be enough
12 information to really support that.

13 The other thing that's an issue here that needs to be
14 discussed is some kind of a vehicle or methodology for public
15 input and comment. If we're in the normal process of doing
16 things and something involved a license amendment, then there's
17 a way for the public to participate in the process. If we get
18 into some of these voluntary programs -- we've certainly done
19 everything we could to make public meetings available, to let
20 people participate in the process, but the question is --
21 what's really needed is -- and do we need a method, do we need
22 something else to get public input on these? And this again is
23 coming out of our principles of good regulation type of thing.

24 And the last one I've got up here is I've put
25 something up on enforcement. And we've had -- this has

1 probably been as much of a problem as anything else in terms of
2 what to do with this stuff. This is what's -- the words that
3 are in the SRM.

4 It says, "The staff has indicated they will assess
5 the enforceability of commitments in the development of the
6 voluntary initiative process, as the staff proceeds with this
7 initiative to ensure the guidelines that are developed
8 regarding enforcement are consistent with the proposed reactor
9 oversight process improvements and are clearly communicated to
10 our stakeholders." So at least we're going to develop these
11 and come out with them.

12 This is the -- a discussion of the risk-informed
13 process, where it's dependent on the significance of the
14 finding. The enforcement criteria that we see would be
15 consistent with what's going on in the pilot program. Low to
16 moderate risk-significant issues should be identified to the
17 licensee as deviations from commitments and included in their
18 corrective action program, so if somebody came in and their
19 findings were at this risk-significant level, they'd basically
20 get into the CAP program at the plant.

21 For things that were included for safety-related
22 items -- for instance if you went out and a licensee
23 implemented a VIP document and implemented it in their Appendix
24 B program, this would get treated like anything else that was
25 included in the Appendix B program in terms of non-compliances.

1 That still wouldn't take it out of the screen up here in terms
2 of what the safety significance of the issues were. If these
3 were I guess like in the old days, like Category 4 type
4 violations, I would assume they would get included into the
5 corrective action program on the site rather than go through
6 the process of issuing letters of violation and going through
7 the process and responding to it. That would be -- at least
8 our first thoughts on the first part of it.

9 The second part of the thing, highly significant
10 issues or willful non-compliance with the committed program --
11 you'd go through enforcement per the Atomic Energy Act, and the
12 Agency would issue 50-50 4F letters and orders, if they deemed
13 it necessary. And these would be again, highly significant
14 matters or willful non-compliance.

15 And remember, we're going to throw these up a little
16 later as -- all these are going to be subjects that we'll go
17 through and discuss later, and this is just a first shot of
18 trying to open the discussion.

19 Okay. The last thing here is, Jack asked that we put
20 up a schedule for this, and we did that. The SRM was issued in
21 May of -- toward the end of May of 1999. We had some internal
22 discussions in-house with NMSS regarding their interest in
23 doing this for their licensees. I think where they really
24 stand on this right now is that they seem to be dealing with a
25 pretty diverse group in NMSS, and they thought this might be

1 nice, but on the other hand, they're not sure that they have
2 groups that would be proposing initiatives, because they don't
3 particularly have anything parallel to the VIP or parallel to
4 the NEI, I think, for handling these kind of issues. At least,
5 they're not aware of it.

6 We did have some discussions internally with OE and
7 OGC to discuss the enforcement issues, so what you're hearing
8 from us has been through our lawyers and we think this is what
9 they're telling us. We did it again with them -- this and a
10 whole panel with the stakeholders meeting, and what we said
11 today pretty well reflects the things that were discussed at
12 the stakeholders meeting. The meeting was noticed. Here is
13 where we are today.

14 What we're going to do in terms of public comment
15 again is put out a Federal Register notice soliciting comments
16 by 1/15/2000, and we're going to try to -- our schedule for
17 that is try to do it by the end of November, so we want to at
18 least have provided a public comment in addition to -- comment
19 period kind of an addition to the stakeholders meeting, to let
20 people provide whatever comments they would like to. And we
21 basically are probably going to have a due date of about the
22 middle of January. At least that's what we're intending to do.

23 Our intent is to get the guidelines and process first
24 draft maybe toward the end of March. And this needs to be to
25 the commission May 24, so that's what we're -- that's what our

1 schedule looks like.

2 MR. PALLA: I'm Bob Palla with the ERA branch of NRC.

3 I only wanted to ask about the process for getting
4 comments on -- with the Federal Register notice. I guess it's
5 not clear why we wouldn't ask for comments after we had already
6 drafted our guidelines and the process. Why -- what would you
7 be asking for comments on if you haven't put the guidelines out
8 on the table?

9 MR. HERMANN: I think we may put at least what needs
10 to be included in the process and to get input from people when
11 we develop the guidelines. Basically the commission asked us
12 to take input in the development of the process, and I don't
13 really want to do it after the fact. I'd rather try to do it
14 up front. And I think if we explain what we're trying to do
15 and put the guidelines out, then we'll take peoples' input.

16 I'm not looking for comments on the final product.
17 The commission will certainly tell us if they like it or not.

18 MR. STROSNIDER: Bob, I wanted to make a comment in
19 this area too.

20 MR. HERMANN: Go ahead.

21 MR. STROSNIDER: And just sort of a general -- maybe
22 take a couple of steps back and make a bigger picture comment
23 here.

24 Basically what Bob went through, the various slides
25 and sort of a whirlwind tour of what might -- what we think

1 needs to be in these sort of guidelines and protocol. And in
2 essence, if you haven't had a chance to look at it, each of
3 those subjects was basically in an outline that we sent to the
4 commission saying, We think these are the elements that would
5 have to be in these guidelines and protocol. And Bob shared
6 with you, I think -- like had planted some seeds in terms of
7 there's a lot of issues here. There's a lot of things to be
8 dealt with.

9 And one comment I'd make on that -- and we're going
10 to go through each one of these during the remainder of the day
11 to try to get some input -- one comment I'd make is that one of
12 the sort of policy approaches we've set is to make use to the
13 extent possible of existing procedures for inspection and
14 enforcement and commitment management. We don't want to
15 reinvent the wheel. A lot of it's already there, and we think
16 we can take a lot of those things and put them into this
17 framework.

18 So we want to do that to make this as efficient as
19 possible and like I said, not reinvent the wheel.

20 Bigger picture -- the staff does have a commitment to
21 the commission to provide them with the product by next May,
22 and this first round is this Federal Register notice that we're
23 looking at getting out in the next month or so. I think we'll
24 be asking, quite frankly, for some expansion on some of the
25 discussions we had today. I don't expect that in a one-day

1 meeting with the number of issues there that you're going to be
2 able to provide all the input that the industry or other
3 stakeholders want to provide.

4 So we would be soliciting, for each of these areas,
5 input from people in terms of what -- number one, do you think
6 the list is complete? Number two, what existing frameworks
7 might work here? And just general suggestions on how to pull
8 this protocol together. There is an issue with regard to once
9 the guidelines have been put together, the final process, if
10 you're going out for public comment with that -- and there's
11 certainly some merit to that -- how we get it to the
12 commission? I think part of that depends on the vehicle that
13 we're going to use to do this, and that's something that I'd
14 appreciate some thoughts on today and certainly when we put out
15 this notice so we'll be asking that.

16 As an example, is this going to be in a regulatory
17 guide? Is it a regulatory guide endorsing a set of existing
18 industry guidelines or a new industry guideline?

19 MR. HERMANN: It could be as simple as an information
20 letter that's published. That's probably the least
21 bureaucratic way to do it and probably the simplest way to
22 incorporate the comments and put them out. The thing's
23 voluntary. I don't see why you would want to develop a reg
24 guide for a voluntary initiative.

25 MR. STROSNIDER: But depending upon the regulatory

1 vehicle that's selected to establish these guidelines protocol,
2 that will to some extent dictate the process. A reg guide
3 certainly would have to go out for comment. But there's other
4 ways to do it. But like I say, part of that depends on how --
5 what looks like the best way to go at this.

6 So big picture -- we owe something to the commission
7 in May. We're going to be looking for some comments early on
8 in terms of how to pull all this stuff together. And so --

9 MR. HERMANN: Another alternative might be a guidance
10 document back from NEI.

11 MR. STROSNIDER: The ultimate voluntary initiative is
12 the voluntary initiative of sending in the voluntary initiative
13 document, which could be endorsed in some form, so that's
14 certainly an option.

15 MR. STEIN: Bob, we're having a similar situation
16 with the new oversight process, and the oversight process
17 involves performance indicators that reported voluntarily by
18 the utilities. So NEI developed a guideline document for the
19 performance indicators and that's what the industry is going to
20 be using, and now we have to -- we've asked ourselves how are
21 we going to endorse this guidance document? And we went -- we
22 asked these same questions.

23 Is it a reg guide? Is it an administrative letter?
24 And I think the final determination, as final as anything is in
25 this process, because it changes daily, is that we're using --

1 the vehicle that's replacing the administrative letter -- I
2 think it's called a regulatory letter or something --

3 MR. MARION: Regulatory issue summary letter.

4 MR. STEIN: Summary, right. That's how we're going
5 to endorse NEI's guidance document for voluntary Pis. So
6 that's how we're going --

7 MR. STROSNIDER: That's interesting. It's very
8 helpful. I will make a comment that just in general the more
9 input we can get from the industry and perhaps the more extent
10 we can endorse some industry proposals, I think the better off
11 we might be in the sense that for this process to work well, it
12 has to be an effort between the industry and the NRC and
13 particularly -- I come back, for example, to where Bob was
14 talking about resources and our budgeting process. It's make
15 these programs work, and some of them have been resource
16 intensive, both for the industry and the NRC. PWR/VIP
17 certainly has. The steam generator initiative has been.

18 We're going to need some process by which the
19 industry and the NRC come to an understanding of, Here's the
20 issues that are going to be worked and here's how we get it
21 into our budget. The NRC has a budgeting process, which we can
22 modify but basically we're looking a year to three years
23 setting up budgets, and industry has the same issues when you
24 go to your owners groups and try to get funding for certain
25 areas, so we need to somehow figure out how that's going to

1 work. And as I said earlier, I think the more input we can get
2 from the industry on this and other stakeholders in terms of
3 public participation and keeping the public involved, that the
4 better off it will be that this thing will work in the long
5 run.

6 MR. DYLE: I guess I have a question or comment for
7 you to think about as you go through the day.

8 My name is Robin Dyle, from in-service engineering.
9 Being involved with the VIP in the early days and now looking
10 at -- you're talking about enforcement and issues like that --
11 one of the things that's recognized by those people that put
12 the program together, you're talking about performing
13 inspections for the first time in areas that it's never been
14 performed. You don't know if the means and methodologies will
15 accomplish what you hope to get to. You've made a best effort
16 with qualification of process in the lab and things of that
17 nature. But you start talking about then enforcing those
18 programs that may not, although they were written with the best
19 knowledge that we had at the time, it may not be possible to do
20 those kind of things, how are you going to deal with that in an
21 enforcement arena? And that's a real practical issue to be
22 faced over the next several years.

23 MR. HERMANN: But again, I think you have to be a
24 little bit practical with this. One of the things we threw up
25 there when we put out the different types of initiatives -- the

1 VIP program the staff's bought into on the front end. We've
2 been involved in reviewing the methods for inspection, the
3 flaw-acceptance guidelines, the repair criteria, the rest of
4 it, and so far as I know, I don't think we've been out there
5 inspecting too many in the implementation of those programs.
6 The idea is we're buying into this on the front end of the
7 program based on commitments by the owners to follow the
8 programs.

9 I think if you don't have that set of commitments and
10 you don't quite understand what it is the industry's doing,
11 then maybe you need to go out there and take a look if you
12 don't understand what the programs are. Any time -- I think a
13 very recent example on -- I guess it was some attachment wells
14 on a jet pump assembly that had some cracking in it, and this
15 was the probably on one VIP 41 where people were looking at
16 things like that. One of the things we know from
17 communications with the VIP is that the VIP said, Gee, we
18 really need to take another look at our guidelines.

19 We really weren't happy with what we've got in there
20 in terms of how we're coming up with the criteria for
21 inspection, how we're sizing things, and we need a couple or
22 three more weeks to send you in a revision on the VIP, on how
23 we're going to be doing this, because we found out when we
24 tried to do this a couple of times it won't quite work in the
25 way we thought it was.

1 So we're having that kind of flexibility on the
2 program. We're writing things -- the process of doing things
3 defines a first cut. The staff gives back a draft to the
4 owners group. The owners group basically looks at what we're
5 looking for on the first cut of what they've proposed, and
6 generally we work out a final document that goes in place. But
7 there's give and take and there's compromise in the process of
8 doing it, and it seems to have worked pretty well.

9 MR. STROSNIDER: The VIP program is an interesting
10 one, and we keep coming back to it because it was one of our
11 first learning experiences, and it was just that. And it was
12 interesting when the concept came up and we presented to senior
13 NRC management that we're going to be reviewing something like
14 50 topical reports. And they said, Well, why? Why are you
15 reviewing these reports and where does it fit in the regulatory
16 framework? And quite frankly, that started driving some of
17 these issues we're talking about today.

18 And I think there was mutual interest in establishing
19 some agreed-upon programs, but when we got into enforcement
20 issues and what's the conclusion that we're writing in our
21 safety evaluation reports? And quite frankly, it took us a
22 while before even we realized that what we were doing -- and if
23 you look at these safety evaluation reports for the VIP
24 topicals now you see in each one of them a conclusion that this
25 is an acceptable way to satisfy Appendix B, because these are

1 safety-related components and it's a safety-related program.

2 It took us a while to realize that that's what we
3 were doing, to be honest about it, and we started putting that
4 in the safety evaluations. Well, you follow it directly from
5 there in terms of enforcement that well, whatever inspection
6 and enforcement is applicable to Appendix B safety-related
7 activities follows here. Again, trying to put this within the
8 framework without trying to invent something new.

9 When you look at the different types of initiatives
10 that have been defined here and that might come about, that's
11 one example where something falls after some thought rather
12 neatly into an existing regulatory process, if you will.
13 There's some other ones that may not be as clear.

14 I was sitting here during this discussion thinking
15 about the steam generator initiative, and the staff had worked
16 up a generic letter with some compliance basis in it, but
17 there's a lot of other stuff going on in that initiative which
18 I think might be viewed more simply as enhancements in the
19 process and not even necessarily cost beneficial in 5109 space,
20 but in terms of benefit to the industry and the NRC in
21 clarifying, so I'm not sure exactly where it fits in. But
22 those are some of the issues we have to struggle with. VIP
23 gives us some good learning experience.

24 MR. HERMANN: But I think you're exactly getting to
25 my point. I think if we do a good -- what we really need is

1 the process in place, and I think if you get the process in
2 place, I think you can build enough flexibility in the process
3 to do what you want. But you really ought to establish what
4 falls into what bin up front so there's no confusion.

5 The worst thing you can get, at least in my view and
6 what we've seen in the past, is if there's not clear
7 understanding between the regulator and the owner in terms of
8 what's their responsibility and what's our responsibility,
9 that's where you run into problems. And the thing that I've
10 always heard from most vice-presidents that I know at
11 utilities, Tell me what the issue is. Tell me what your
12 position is on the issue so I can reflect to it. Don't get in
13 the bring me another rock syndrome.

14 All right. Well, I guess maybe this may be a good
15 time to get some coffee and maybe come back in 15-20 minutes
16 and we'll go through these issues one at a time. And at that
17 time, if the panel wants to -- any of the panel members want to
18 say anything up front, they're more than welcome to it, and
19 after that we'll go through the slides one at a time for the
20 topics for discussion. We expected a public representative
21 here that doesn't seem to be here, so I guess he won't be part
22 of the panel.

23 [Recess.]

24 MR. HERMANN: All right. I guess we're ready to
25 reconvene. What we're going to do now is enter into a

1 discussion of the various topics that were summarized before.

2 And let me put them up on the screen and we can get started.

3 MR. STROSNIDER: Bob, before you get right into the
4 topics --

5 MR. HERMANN: Oh, yes.

6 MR. STROSNIDER: -- did any of the panel members want
7 to make any general comments?

8 MR. HERMANN: I forgot. Anybody -- Lewis, you were
9 talking perhaps about presenting --

10 MR. SUMNER: What I was going to say is that there's
11 been -- VIP's been referred to quite a bit and I'm prepared to
12 give a brief presentation of the VIP and how it works, just to
13 put everybody on a common frame of reference, because we've
14 talked a lot about it but I don't know if most people know
15 exactly how it works.

16 MR. HERMANN: I think it would be good to put it in
17 the record.

18 MR. SUMNER: Okay. Maybe it would be good just to
19 run through, just to get everybody on the same frame of
20 reference since we have referred to the VIP quite a bit
21 already, as to an example of how you can do voluntary
22 initiatives, and it seems to have been very successful so far
23 in dealing with the issues related to the vessel and the
24 internals.

25 One thing that you probably need to keep in mind,

1 this is an international program too. We have not only -- and
2 I'll show you in a minute -- the domestic BWRs but also quite
3 a few foreign BWRs are also tied into the VIP program.

4 As you can see, this is the list of utilities that
5 participate in VIP, not only in supplying personnel to help out
6 on the groups -- and I'll talk about how it's organized in a
7 minute -- as well as make use of the products that come out of
8 VIP. As you can see, we have quite a few international
9 utilities also participate, using the topical and guidelines
10 that come out of the VIP.

11 These are the issues that the VIP really tries to
12 address. It was formed back around 1994 when there were some
13 issues that came up related to the core shroud for a BWR. And
14 we really looked at the issues related to the stress corrosion
15 cracking of things like Incanel [phonetic] stainless and 304
16 stainless. And there is a listing there of the components that
17 have been addressed by the VIP and the ones where we have seen
18 some stress corrosion cracking, obviously not in every vessel
19 but when you put all the vessels and internals together, you
20 will come up and see something has occurred in one or another
21 out there in those particular areas.

22 The way, in broad terms, how we're organized is we
23 have an assessment group that looks at what needs to be
24 inspected, when do you need to do it, what are the options for
25 inspection -- sometimes visual is the way to go, sometimes

1 ultrasonic is the way to go, or maybe there's another. And
2 depending on your particular configuration, you may not be able
3 to do some of the things that you'd like to do as a primary
4 inspection technique, so you have to use an alternate
5 inspection technique, and if you see something, how you
6 disposition it. These guidelines are written down as to what
7 is the process that you go through when you see that.

8 The inspection group looks at what's the right
9 technique for inspection; what's available out there in the
10 industry from vendors; what equipment's available, and what are
11 the associated uncertainties with each particular style of
12 inspection out there.

13 One thing they've been pretty proactive on is there
14 are components out there that at this point in time don't need
15 to be repaired nor replaced, but there could develop a
16 potential in the future for some of those -- some have already
17 had to be repaired or replaced, like some related to core spray
18 in some vessels. But the -- we've been proactive in going
19 ahead and specifying, These are the repair techniques that
20 should be used or preferred for individual components or how
21 you do a replacement or what's the style of replacement that
22 seems to work the best.

23 There's also continuing work in such areas that we
24 don't have much experience in, which is welding on highly
25 irradiated materials and how do you do that successfully? And

1 then one of our major efforts also is how do you mitigate
2 stress corrosion cracking if you've got it, or how do you
3 prevent it from occurring if you don't have it on a component.

4 This is our organization, and I think really what
5 makes the VIP work is the commitment of the individuals that
6 you see there to make it work. We have a chairman and a vice
7 chairman, and each of the different areas there have some
8 executive from a utility as the sponsor of that group. Then we
9 have technical chairs that really do the nuts and bolts work in
10 each one of those, and EPRI is also a large part of making this
11 work. And we have task managers that also coordinate
12 activities in each one of those groups there.

13 So each group is pretty highly focused in their area,
14 but we also have an integration group over there to the right
15 that tries to integrate all these activities together to make
16 sure that we're getting the most bang for the buck out of it.
17 In my particular case, I'm the chairman of the mitigation
18 committee, and really our goal is to go out there and to
19 preserve the internals of these vessels, not only through their
20 originally licensed license but also through the license
21 renewal period.

22 If you look at the work that's been done, these are
23 the guidelines that have been developed, not only in assessment
24 but in inspection, repair, and mitigation recommendations.
25 There is a -- this represents probably millions of dollars of

1 work, hundreds of thousands of man hours of effort of vendors,
2 technical experts, also interfacing with the NRC, getting their
3 review of these documents and their input on their experience
4 also. So it's been a tremendous effort really to manage this
5 program.

6 I guess these are probably our major accomplishments.
7 We got all of our key deliverables have been finished on our
8 original scope. They've all been delivered. The NRC has a lot
9 of these -- they have all these documents for review and
10 approval, and they're working through a schedule on that to get
11 those done. And there are -- occasionally we have comments or
12 questions about certain technical aspects of the documents that
13 get resolved, and they go back to those individual committees
14 there to get resolved.

15 We have received acceptance of the first I&E
16 guideline for referencing for license renewal, so we're hoping
17 that -- our real goal is to be able to use what the VIP has
18 already done as the basis for license renewal aging management
19 of the vessel and internals in the future. Hatch will be the
20 first BWR to make a license renewal application, and we are
21 depending on using that as our ageing management strategy. I
22 believe there's been sufficient guidance available for
23 everybody to plan their future inspections out there, and we
24 are working through the process with NRC to get the final
25 documents approved.

1 At this point in time, the VIP has really been the
2 mature organization. Some of the people that I showed you
3 before in these different committees have been there for a
4 while; a lot of corporate knowledge on what's been done. We're
5 looking now at transitioning to a maintenance mode because our
6 original scope of work that the VIP was tasked to do is pretty
7 well drawn to a close, but we understand that these issues will
8 continue to come up, so we've got to decide how we will
9 function in the future out there.

10 One of the issues that we are certainly concerned
11 about is with all the documents and topicals and guidelines
12 we've put out there, are they being implemented the way they
13 were expected to be implemented? Are the interpretations of
14 what the written words out there being done correctly at the
15 utilities? So we've already approached INPO in a meeting
16 previously to discuss with them the possibility of setting up
17 self assessments of the utilities out there with BWRs to make
18 sure they are implementing those documents correctly.

19 And so we are planning right now in 2000 to conduct
20 two to three pilot self assessments of the utility
21 implementation of VIP products, because the last thing we would
22 like to happen out there is to have a strategy for managing a
23 particular issue out there and to come to find that it's either
24 not working because it's being misinterpreted or either it's
25 being interpreted correctly but we've got some more technical

1 work to do on it. And then for 2000 and beyond, we're working
2 on enhancement of existing products we're already put out there
3 as well as looking at some cost beneficial products as opposed
4 to what we've been doing in the past, which has been developing
5 brand new stuff related to safety-related issues out there.

6 So as a wrap up, we've been in existence since about
7 mid-'94. It was an initiative that the BWR saw as -- that they
8 needed to get on promptly and felt like that with some prompt
9 attention to the issue and the right organization and the right
10 cooperation, that we could get on the front end of some of
11 these issues. We had to play catch up on a couple of them but
12 there were other issues that we got in front of before we
13 really saw them in the vessels, and I think it's been a real
14 successful experience.

15 We've been able to, I think to a large extent,
16 leverage a lot of the resources out there. The utilities have
17 a lot of experts out there. Vendors obviously have a lot of
18 key technical people out there, consultants, contractors, and
19 the Nuclear Regulatory Commission. Really our highest priority
20 right now is to continue to work with the NRC to get all of our
21 guidance documents approved and issued and continue to monitor
22 what's going to go on in the future.

23 MR. HERMANN: Maybe just the comment I'd make, that
24 there are probably two other pieces to the program that I
25 think -- address things certainly of interest to the industry

1 in terms of burden reduction. The vessel inspections -- the
2 work that was done on 07 that came under the VIP program and
3 the work that's being done now on revision to Generic Letter
4 8801 for the piping work. Both of those -- having the
5 organization in place I think's really helped facilitate that.
6 Our goal is to try to redo the 313 -- the Rec 313 Rev 2 --
7 augment inspection programs near the end of the year or shortly
8 thereafter.

9 The vessel inspection work is in place, and I think
10 those are pretty well big ticket items in terms of cost
11 reduction that have come out of this program, and without
12 decreasing safety. And it's something that I think's been a
13 significant part of the program and really a credit to the
14 industry organization to be able to put them together.

15 MR. PALLA: One comment. I'm trying to put in
16 perspective what this vessel inspection program is in terms of
17 why are we referring this -- why are we referring to this as
18 voluntary program, and this overview is helpful in that regard.
19 But I have just one question that, if you can elaborate on it,
20 it might be pretty helpful.

21 If we did not pursue this activity as a
22 collaborative, voluntary activity, aren't there regulations
23 that ultimately we will be able to fall back on --

24 MR. HERMANN: We would have issued a generic letter
25 probably.

1 MR. PALLA: Okay. But we would have taken some
2 regulatory action, but we also have regulations in effect that
3 we would have fallen back on. And I'm presuming that there are
4 commitments and requirements to do inspections anyway, so what
5 this methodology does is appear to put -- articulate an
6 acceptable means of meeting existing requirements.

7 MR. HERMANN: I don't think so.

8 MR. PALLA: No?

9 MR. HERMANN: When you started with most of these
10 internals, just a few of these internals were within the scope
11 of Section 11 in terms of the normal in-service inspection
12 program. The best you would have got is that these would have
13 been designed -- they were safety-related equipment. They
14 would have been designed to a set of procedures or codes or
15 some kind of standards. There would have been something
16 representing the design basis for the components in a GE
17 document, the commercial code, or something that would have
18 been the basis for it.

19 If you would have got into most of those construction
20 and fabrication codes and design codes and you start looking at
21 them, those codes are not designed -- or vendor documents are
22 not designed to handle degradation. When you build something,
23 the presumption is you build it with the minimum amount of
24 defects you can put in the structure, and you build it -- or
25 define set of acceptable defects in terms of porosity and

1 shrinkage and things like that.

2 But the other presumption is that cracks are not
3 acceptable in the design, so when you end up with these
4 components that are cracking, you need to have rules to either
5 restore them to the condition they were before they were
6 cracked or to evaluate the cracking. And most of the
7 components -- the things that are the within scope of Section
8 11 for mechanical components get covered within flaw evaluation
9 criteria, flaw evaluation rules in 11 -- a lot of the things
10 that were done under this program were to develop a set of
11 alternative rules for cracking disposition, alternative repairs
12 from those where the cracking was left in place and clamps and
13 things like that were used for repairs or alternate repairs.

14 So those things would have been done probably under a
15 generic letter if they wouldn't have been done under these
16 voluntary programs, so I don't think the framework to address
17 them was really there.

18 MR. STROSNIDER: Yes. That's a key issue but -- the
19 core shroud and the components that support the core were
20 covered by ASME code and therefore by 5055(a) in the NRC
21 regulations. But there's a lot of other components in there
22 that aren't captured under 5055(a), and the one regulation you
23 can point to, and had we had the NRC pursued generic letter or
24 something like that in this case, I think it would have been
25 based on Appendix B.

1 As I said earlier, that's looking at correction
2 actions and that sort of area, and that's the conclusion that
3 we're writing in the safety evaluations for those components
4 that are not captured by code, that this is an acceptable way
5 to satisfy the criteria to Appendix B. It provides an
6 acceptable level of quality.

7 But I think the important point here in terms of
8 looking at the VIP as an example is that the NRC never got to
9 the point beyond the core shroud of seeing the need to put out
10 a generic letter because the industry was proactive and took
11 the initiative to address the issue. And so that's really the
12 key point there.

13 But when that happened, as I said earlier, in the
14 NRC, we started scratching our heads and said, Well, where does
15 this leave us? We're used to putting out letters. We know how
16 to deal with that. Now we got the industry out ahead of us
17 here.

18 MR. HERMANN: The other thing is, I think we'll get
19 to in discussion, is the different types of initiatives. And
20 I'll go back to the discussion we had here from my view was
21 more or less something that would have been a compliance
22 exception, a generic letter basis for addressing the issues
23 that were in the VIP. If you get into something like some of
24 these other issues like station blackout and some of the other
25 DSSA issues, clearly they're a different ballpark, and we

1 recognize that.

2 And what we're being asked to do is develop the
3 process to try to accommodate both of those kinds of issues and
4 to come up with rules for those issues, and it's not an easy
5 job. So let me -- with that, let me throw up the titles and we
6 can start.

7 MR. STROSNIDER: Would anybody else -- do you want to
8 say something about MRP?

9 MR. TUCKMAN: No. We'll talk about it as it comes
10 through.

11 MR. STROSNIDER: Alex?

12 MR. MARION: I'd like to make a couple of comments if
13 I can. Alex Marion, NEI.

14 This is a very interesting topic, and I appreciate
15 the comments from Bob and Jack about the difficulty in
16 developing a framework and coming up with a rational process by
17 which NRC can use voluntary industry initiatives. I personally
18 have been involved in a lot of interactions with the NRC on
19 generic letters and rulemaking efforts, and probably a good
20 portion of the industry initiatives that were developed by
21 NUMARC in the years past, and it covers the spectrum of things
22 that are clearly within the regulatory scope and responsibility
23 of the NRC that result in rulemaking action. And on the other
24 side of the spectrum, you have perceptions of problems at the
25 plants for which there isn't any detail and the NRC needs

1 additional information, and anything else you can imagine
2 between those two.

3 And I think this provides a challenge to all of us.
4 I'm a little surprised we don't have more attendance here
5 because I think it's a topic that should involve all of the
6 interested stakeholders in such an open forum as we have today,
7 and I encourage the NRC to create more opportunities like this
8 to openly and candidly discuss some of the issues because
9 fundamentally, the industry and the NRC need to come to a
10 common understanding.

11 An analogy I'd like to make -- and Jack and Bob are
12 probably more appreciative of this than many of the others of
13 you because I've had discussions with them on various topical
14 issues. One of the process elements that has worked very, very
15 well in the past is when NRC identifies the need to address an
16 issue or perceives a problem or whatever the case may be, they
17 engage the industry either in a generic industry-wide sense
18 through NEI or they engage the owners groups, or EPRI, as the
19 case may be, and that's very important, and I'd like to see
20 that be the first step in any process because that engagement
21 results in a common understanding of the scope and magnitude of
22 the problem. And once that's established it becomes very clear
23 on the roles and responsibilities of the regulator and the
24 industry in addressing or implementing resolution strategies to
25 deal with the problem.

1 But I have to tell you from my own experience it's a
2 very intensive effort. It takes a lot of time. It takes a lot
3 of open dialog, and sometimes it's not that easy to achieve
4 that common understanding, but it's very important to make a
5 commitment to work at that as early as possible when these
6 issues are identified. A couple of the elements that come out
7 of that understanding are rather fundamental to the NRC and
8 fundamental to the industry as regulated on licensees. Safety
9 significance -- that needs to be clarified.

10 There can't be any question as to the safety
11 significance of the concern of the issue. Along with that, the
12 regulatory requirements and basis, and once you establish
13 those, then I think the NRC roll in responsibilities become
14 crystal clear. And then second to that, and parallel, the
15 roles and responsibilities of the industry becomes very clear,
16 because they're required to comply with the regulations and
17 maintain their commitments in the entire spectrum of regulatory
18 activities. And once we get over those two hurdles, the
19 resolution becomes rather straightforward.

20 The resolution may be complex and require a lot of
21 resources and research but there is an understanding on who's
22 going to do what, why, and what are we going to do about it
23 when we get to the end of the effort, and that's very
24 fundamental and important. I think that needs to be considered
25 in the process that you put together.

1 NEI -- and I know that from discussions I've had with
2 the owners groups chairman and as well as representatives of
3 EPRI, we're more than willing and available to work with NRC to
4 try to develop and thrash out this process. It's very
5 important to all of us.

6 I'd like to plant two thoughts, to go back to
7 understanding and along with understandings comes definitions
8 and terminologies, and I'll try not to use any acronyms. But
9 one of the questions that's come to mind as a result of
10 reviewing the SECY paper, the information that was provided to
11 support this workshop, and listening to the discussion held
12 thus far was the issue of NRC as a federal agency taking credit
13 for voluntary industry activities, which is different than
14 using voluntary industry activities as a regulatory agency,
15 because the latter point, use of, suggests to me that the NRC
16 is looking for ways to get the NRC to deal with issues -- I
17 mean get the industry to deal with issues that NRC for some
18 reason can't come to grips with.

19 I'm not trying to be critical. I'm just trying to
20 lay out another thought or consideration as we go through the
21 discussion.

22 Just an observation -- it appears that the NRC is
23 struggling and trying to engage the stakeholders in developing
24 a framework by which voluntary industry initiatives can be
25 regulated, inspected, and enforced. I can understand that

1 because that's the NRC's fundamental mission, to regulate,
2 inspect, and enforce regulations and what not on licensees.
3 But I wonder if that philosophy in those fundamental concepts
4 apply to voluntary initiatives, because it seems to me if you
5 do one of the three, either regulate, inspect, or enforce, then
6 it's no longer a voluntary industry initiative.

7 Maybe terminology is something we need to come to
8 grips with and define so that we understand what these things
9 are, what they're not, where they apply, and who has to deal
10 with them, and that completes the opening comments that I have,
11 and I hope we can get to some discussion on those issues as
12 well.

13 Thank you.

14 MR. STROSNIDER: Alex, I really appreciate those
15 comments. I think there are some good things in there that we
16 need to think about, and I'd like to expand on just a couple of
17 them.

18 As you mentioned -- and I agree with you -- this
19 critical first step is that the NRC engage the industry or the
20 industry engage the NRC in terms of generic activities and
21 things of that nature, and we have a lot of experience doing
22 that, actually. And I think part of what we would expect with
23 these guidelines is that it might facilitate those kinds of
24 interactions, because as you pointed out, it's very intense.
25 Often when we get together on those -- and some sort of

1 protocol on how to do that and how to define things, how to use
2 consistent definitions. I agree completely, and I think that's
3 one of the things that we hope to accomplish here.

4 The other thing is -- and I heard your message I
5 think pretty clearly with regard to taking credit versus using.
6 Here's another regulatory tool; another way for the regulator
7 to force something on the industry. And that is -- I
8 understand that concern. You have -- well, if we just trade
9 off one set of regulatory actions such as generic letters or
10 whatever for another set, what have we really accomplished?

11 And I think though that an important thing -- and Bob
12 said this when he introduced this this morning, is that we talk
13 about voluntary initiatives. His title slide said voluntary
14 initiatives in lieu of regulatory action. We tend to drop the
15 rest of that. And I think you -- I think our perspective is
16 that these are actions we would take credit for, as you
17 indicated, and that by doing that, we would not feel compelled
18 to take other regulatory actions in terms of what's already
19 existing in our tool box.

20 So there's an implication there at least that if we
21 couldn't do this through some existing regulatory process,
22 that -- we have to be careful of stepping over bounds and
23 misusing these guidelines or protocol.

24 And so I think those are valid comments and I
25 appreciate those. I think that was a good summary of an

1 appropriate perspective I think, so thank you.

2 MR. HERMANN: Just maybe one other thing that --
3 another example I'd kind of like to bring up maybe to clarify a
4 point in terms of how things work well when both sides agree
5 that there's a problem in place early.

6 There was a problem with PWRs, a Westinghouse PWR --
7 a manufacturing flaw, very large manufacturing flaw on the head
8 of one of the CRDMs at one of the plants, and that issue
9 started out through the reg response group for the Westinghouse
10 plants. It basically got to the resolution of getting an
11 industry effort kicked off to address the problem and attempted
12 to be conservative when it started -- more conservative in
13 outlook when it first started. And as it got down the road
14 further and more information was developed, other groups were
15 involved, there was input from all three of the PWR owners
16 groups as to -- they addressed the problems voluntarily at
17 their types of designs.

18 That whole program got resolved -- was something that
19 in the old days, as sure as I'm standing here, would have put
20 out a generic letter, and it got done very quickly, very
21 efficiently, was very cooperative. The industry certainly
22 provided its input in terms of what the scope of the
23 inspections needed to be.

24 Certainly we had an idea that when we started out
25 doing it, probably extending the scope past maybe what the

1 industry thought was appropriate. They came in with a risk and
2 statistical basis to provide their basis why things were
3 adequate and safe, and we came to resolution on the issue. And
4 that one without any guidance or commitments whatever, pretty
5 well followed a very nice path. I mean it started out with
6 context -- a high level of management, good technical dialog on
7 the issue, and worked very efficiently and very well.

8 But the point I was really trying to get to, if
9 there's a perception that something's a real problem, on both
10 sides of the fence, the problem's pretty easy to address, but
11 the problem that we run into in terms of trying to decide what
12 to do with issues, is when there's a question or disagreement
13 about what the significance of the problem is that we're trying
14 to address; how much of it's safety laid, how much of it's
15 outside the process.

16 And I -- Mike, do you want to say something about the
17 steam generators?

18 MR. TUCKMAN: Yes. Let me -- as much as everybody
19 else has leaped in before we got into the real program -- my
20 name's Mike Tuckman from Duke Power.

21 As I thought about this topic, I break it down into
22 some chunks, if you will. One chunk is there are various
23 regulations that the NRC passes that the industry has to comply
24 with, and you might consider a voluntary industry initiative to
25 work with the NRC on developing guidance on how you implement

1 that regulation. As an example, the maintenance rule was a
2 rule that was passed by the NRC and both the industry and the
3 NRC were faced with, how do I develop guidance, if you will, to
4 implement that rule in the most efficient way?

5 I tend to believe that it's useful to have a lot of
6 industry involvement in that, because we see things from what I
7 would call a practical, industry sense. The NRC sees the thing
8 from a regulatory sense. I didn't mean not practical, but it
9 helps a lot if the industry takes the initiative. And what
10 happened to that particular example was that the industry
11 worked with the NRC and established that we would like to have
12 the opportunity to draft an implementation guideline, and the
13 NRC put some milestones and dates on it and that ultimately
14 came to pass.

15 But that was a voluntary industry initiative in that
16 we did not have to write a reg guide. We could have waited for
17 the NRC to do it, but we thought this would be a better way.
18 Obviously the public is involved in this also because they have
19 the opportunity to review what the NRC is getting ready to
20 endorse as a reg guide.

21 Another example of that would be license renewal. A
22 rule was passed for license renewal. The industry, again,
23 through -- I call it a voluntary industry initiative -- wrote
24 NEI 95-10, which was a way of implementing, and we've been
25 working with the NRC for them to feel comfortable with that

1 document and endorse it. So those are cases where a rule is
2 passed and I call it voluntary industry initiatives -- it makes
3 a lot of sense for the industry and the NRC to work together to
4 see if we can't come up with the best set of guidance for
5 implementing those rules.

6 10 CFR 50.59 is yet another example where a new rule
7 is passed and the industry is working with the NRC to help
8 develop guidance which makes it an implementable rule. So
9 that's kind of what I call the highest level, if you will.

10 The industry has a lot of interest, and if I take Bob
11 Hermann's example of the crack and the reactor vessel control
12 rod drive mechanism -- I believe that was Prairie Island's
13 issue -- the industry, believe it or not, has an interest in
14 making sure that our plants are safe. And many times a single
15 event will occur in the industry, whether it be a domestic or
16 international plant, in which the NRC has interest, and
17 certainly we as owners ought to have interest because none of
18 us want to have a failure at our plant which both affects
19 safety as well as reliability and economics.

20 So it was very much in our interest as an industry to
21 leap on that particular issue that you mentioned, Bob, and
22 certainly it was in Jack Strosnider's interest and the NRC's
23 interest also to follow it very closely. And we believe that
24 bringing the industry resources to bear on that initiative in a
25 very free and open way such that the NRC was aware of what

1 we're doing and felt comfortable that we were heading toward
2 resolution in a reasonable time frame. I think it's -- the
3 industry involved earlier allows the actual initiative to take
4 place quicker than if you have to go through the NRC process of
5 putting out for public comment. There is some bureaucracy in
6 our processes, let me just put it that way.

7 So the advantage of an industry initiative that you
8 oversee I think goes a long way to improving safety and getting
9 us going where we want to go faster.

10 The last case of initiative -- by the way, I could
11 throw many other initiatives in there. The materials
12 reliability project or the steam generator maintenance program
13 are other examples of where the industry believes we need to do
14 something. We also believe that this is an area of NRC
15 interest. If we don't do something, they will. And to the
16 extent that the industry put together a program which basically
17 scratches the NRC's itch as well as protecting our interest to
18 make sure that we have reliable plants, I think goes an awfully
19 long way to getting what we both want out of life.

20 Where we get confused is -- Lewis pointed out the
21 VIP -- there were pieces of the VIP that were very appropriate
22 for regulatory oversight and concern, and probably need to have
23 some level of commitment or Appendix B or something like that.
24 There are a lot of other areas in the VIP, and I would say in
25 the steam generator management program also, where they are

1 literally things that we do for our own best interest as an
2 industry, and that piece probably should not fall under
3 regulatory scrutiny or inspection or other aspects.

4 I think we're -- the crux of this topic is, how do
5 you draw the line between what is of such regulatory
6 significance that you either want to inspect, approve, or we
7 commit to, and what areas do you think are within the
8 industry's purview to operate our plants in a way that we think
9 ensures their reliability, safety, and economics? That's kind
10 of the crux of the issue.

11 As we'll talk on the initiation of voluntary
12 initiatives, understanding up front would be great if you
13 really could understand everything up front. If you could put
14 your crystal ball together and say, Well, we're going to launch
15 off on this initiative and when we do, these three pieces of it
16 are going to be regulatory significant and these nine pieces
17 are not, we would probably be great soothsayers and that might
18 clear things up. I think in reality what happens is you get
19 into a program like the BWR, VIP, or the steam generator
20 management program and as you get towards the end it starts
21 becoming clearer what the program would look like. And I think
22 that's the point that a litmus test has to be raised as to what
23 pieces fall under regulatory purview that the industry commit
24 to.

25 As an example, in the SGMP, the way we're presently

1 headed, there are several pieces of the SGMP initiative that we
2 would commit to as utilities that would be inspectable,
3 enforceable, and everything else. There are other pieces of
4 the SGMP that we think are good practices that we want to do
5 that we'd ask not be followed in a literal interpretation of
6 the normal regulatory regime. So that's really the crux of the
7 issue that I think we have to deal with, is separating --
8 pulling out those few significant areas and very well
9 identifying them as to what the regulatory footprint will be on
10 those, if you will, and furthermore, separating out the things
11 that the industry wants to do and the industry will police and
12 we have input and we hold each other accountable through
13 various initiatives.

14 That's kind of the fine point. I think that's really
15 what's going to drive a lot of this initiative.

16 MR. HERMANN: Maybe what I'll do with this that may
17 help facilitate things a little bit, rather than just throwing
18 the titles up of slides, maybe I'll throw up what we had on the
19 original slides, because they're probably a little bit more of
20 a breakdown in terms of the things that might be under them,
21 and we maybe can go through the issues that are on here and
22 then supplement them as we fit.

23 MR. STROSNIDER: You're trying to put structure to
24 this, Bob.

25 MR. HERMANN: Probably the place to start is have you

1 kick one of these things off, and let me throw it to the panel.

2 MR. TUCKMAN: Well, Bob, I would say on how things
3 are initiated, I would say there's -- as much as I would like
4 to say that we do all the things that we want to do for the
5 industry with our without the NRC, that's probably an
6 overstatement. I think there's probably two pieces.

7 There are a number of initiatives that the industry
8 actually does undertake which do not have any -- are not being
9 driven by the regulator, and obviously those we would probably
10 let you know that we're doing, but I don't think you have
11 significant interest in. The others are those where you have
12 interest and we're trying to either get out ahead or work with
13 the NRC or maybe try to catch up, if you will, and I think
14 those are clearly ones where a definition -- a meeting of the
15 minds, either between NEI and the NRC or the owners group and
16 NRC. That's where that definition of saying, We think an
17 industry initiative is indicated here.

18 That could be the industry coming forward and saying,
19 We think it ought to be that way. It could also be the NRC
20 approaching the industry through NEI or the owners group,
21 saying, We think this is an issue and an initiative ought to be
22 formalized in this area.

23 MR. HERMANN: I guess the comment -- the thing that I
24 may elect to try to get in the discussion a little bit is we
25 have a pretty good idea and the process just sort of on its own

1 works pretty well for things that are broken, both sides get --
2 want to come to resolution on a fix. There's some degradation
3 going on or something like that. I think what we're going to
4 see though, in the future, is well-defined criteria for what
5 constitutes good performance. Those things will be reasonably
6 clear also.

7 I think the place that to me is going to be a bit
8 difficult is coming up with things that fall out of the risk
9 scenarios. You're going to get in some of these evaluations
10 that come out of different kinds of PRAs and risk assessments
11 and the rest, and the question is, does the commission take
12 action on those, does the industry take action on those, what
13 to do with those?

14 Bob, do you want a shot at that too? You've been
15 involved in some of the other ones. Maybe it's worth talking
16 about experience.

17 MR. PALLA: Well, okay. I don't -- I guess my
18 experience has been in the area of the severe accident
19 management voluntary industry initiative and also the shutdown
20 risk rulemaking and ultimately I guess what we're trying to do
21 in the shutdown area is go to a monitoring type of function.
22 But I'm not sure how much I can add to that at this particular
23 step.

24 I think that risk is definitely the focus of where
25 we're headed with the reactor oversight process, and I think

1 that if risk-significant issues arise through those -- through
2 our oversight process, I think they would definitely be good
3 candidates if it's something that applies to multiple plants.
4 These are obviously good candidates to be identified for
5 further discussion and possibly for some type of generic type
6 of an activity.

7 Let me stop there.

8 MR. MARION: Alex Marion. Just a couple of comments.
9 From a process point of view and the understanding concept on
10 shut down risk, if I'm not mistaken, there were two
11 considerations by the commission on rulemaking, and the
12 commission determined that rulemaking wasn't necessary. That's
13 a regulatory decision making process based upon the merits of
14 the issue, the cost of implementation compared to the safety
15 benefit achieved et cetera and all that other stuff.

16 But the question becomes, one, well, if you look at
17 the PRA analysis, it does indicate that there is a potential
18 problem here. And so I don't know the details off the top of
19 my head. Maybe Steve can talk about it a little bit. But it
20 seems to me the condition of the plant in the shutdown
21 situation compared to the barriers that are being identified or
22 the cornerstones that are being identified for the performance
23 indicators as part of the regulatory oversight process, there
24 should be some nexus between the two. And I think there is but
25 I don't know the details off the top of my head.

1 So it seems to me that with the oversight process and
2 implementation and a good understanding of performance
3 indicators relative to the cornerstones et cetera, would
4 provide a basis to determine the performance of plants relative
5 to the risk analysis that may indicate there is some
6 vulnerabilities while the plant's in a shutdown condition.

7 Steve, I think that's how it's playing out --

8 MR. PALLA: Let me say something about shutdown and
9 where we stand on that, and then I can pass it to Steve. But
10 basically shutdown is an area that the commission looked for
11 some time. There was an industry guideline that was developed
12 by NEI. It was, I believe brought to a formal vote in terms of
13 an industry initiative, 80 percent approval. There was
14 never -- as in the case of severe-accident management where all
15 utilities came in on the docket with a commitment to implement
16 something, in the case of shutdown there was no such
17 plant-specific docketing of commitments, but there was an
18 understanding that this was a voluntary initiative that was
19 being undertaken out in the industry.

20 Now, when we looked further into whether or not we
21 needed a rule, we did a reg analysis that tried to look at the
22 range of risk that one would have if none of these voluntary
23 actions were put in place, and then there was the other end of
24 the spectrum where one assumes that the voluntary initiative is
25 actually put in place. And there was an extremely large range

1 of core damage frequency with one end without any credit for
2 voluntary initiatives. It could be core damage frequency on
3 the order of 10^{-2} .

4 And where we think we are is actually somewhere in
5 between the two extremes. As far as the industry's
6 implemented, probably most of the recommendations in the
7 voluntary industry initiative -- but probably they're not at
8 the extreme end of the perfect implementation.

9 Now, when the commission looked at this information,
10 they basically judged -- and implicit in this is their
11 expectation of where the industry is -- they judged the plants
12 are operating at a level where the safety is acceptable and
13 that the -- I guess the incremental risk reduction by codifying
14 this voluntary state was not really justified. Now again,
15 implicit in that is a judgement that plants are in fact
16 implementing this voluntary initiative, and the commission in
17 deciding not to pursue rulemaking, did indicate that the staff
18 should -- I forget the exact words, but they basically said we
19 should continue to monitor -- and I think the words inspect are
20 in the SRM on this activity -- to assure that the risk is where
21 we think it is.

22 So this kind of gets to the question -- and I will
23 come to it later on a specific slide about inspection and
24 monitoring -- in the case of shutdown, we think that there are
25 certain things that are requirements but then there are the

1 certain things as particularly covered by the initiative that
2 don't go back to a clear-cut requirement, they would be
3 voluntary. But we think it's prudent to be looking for those.
4 We were calling those -- our observation of these softer
5 voluntary area, we were calling that the monitoring function in
6 contrast to the inspection where you're inspecting against
7 requirements but where you think that utility's doing something
8 voluntary, you're expecting that they're doing something
9 voluntary, and we're going to be looking at that. We were
10 referring to that as monitoring.

11 And we think in the risk-informed process we really
12 need to look at the full spectrum, irrespective of whether
13 those requirements -- look at the full spectrum of what is
14 viewed to be risk-significant, and --

15 MR. HERMANN: But the reason I wanted to facilitate
16 this discussion right now was really nothing to do with this
17 other than just get what we've got up here as the kickoff on
18 the initiation. If I've got an issue where --

19 MR. MARION: I can speak to that. This is a good
20 example. The NUMARC document you refer to was developed by the
21 group that I was responsible for back in those days, and you
22 have to go by my memory and that's going back nine years? I
23 think that NUMARC document was 90-12; '90, '91 time frame.

24 The NRC approached us and expressed concerns about
25 effective management of outages relative to maintaining safety,

1 without giving a whole lot of details. And there were some
2 performance issues in the industry relative to outage
3 management that called for some attention in level of detail to
4 provide some guidance to the industry to allow them to be aware
5 of vulnerabilities, to do some reviews and make sure that it
6 didn't compromise safety. And that essentially was the crux of
7 what we were trying to accomplish.

8 And what I find interesting -- and maybe this is --
9 that's how the effort was initiated, through that kind of
10 dialog and interaction.

11 And we looked at industry performance, talked to
12 INPO, and said, Yes. There's a problem. There's something we
13 need to do here. Is it something where NRC could take
14 regulatory action? That wasn't clear because the concern was
15 for plants in a shutdown condition as opposed to operating, and
16 everything in a regulatory context was geared to operational
17 conditions and challenges to that. So we felt with INPO's help
18 it was something we needed to take a look at, and we did.

19 But the thing that I'm struggling with -- and maybe I
20 don't understand it and I need an explanation for -- is here we
21 are years later, and I think industry performance has been
22 very, very good relative to outage management. I know at the
23 time we monitored performance for a couple of operating cycles
24 and saw a significant improvement in level of attention.

25 So you brought up the point about not having a

1 commitment and you made the distinction between inspection and
2 monitoring, and I think those are important concepts that need
3 to get threshed out, because let's say, Okay. Why do you need
4 a commitment now? Why are you worried about inspecting? What
5 makes you want to feel the need to have some additional
6 assurances that utilities are continuing to maintain a level of
7 attention to excellent outage performance, et cetera. Those
8 are --

9 MR. PALLA: I didn't mean to imply that we thought we
10 needed commitments now --

11 MR. MARION: But those are the kinds of questions
12 that the industry, as the recipient of regulatory action and
13 regulatory decisions, tries to figure out, Okay. How is -- why
14 is this important? Where does it fit in the overall scheme of
15 things from a regulatory perspective? Where does it fall
16 within our responsibility of compliance? And those are the
17 kinds of things --

18 MR. HERMANN: What I was trying just to do with this
19 slide though -- on this slide all I was looking to do was just
20 keep this with regard to initiation of an initiative. It's
21 pretty clear to me that if I've got a large flaw in the reactor
22 coolant system --

23 MR. TUCKMAN: Let me try this, Bob. There are some
24 emergent issues that I think we can generally plan for, and
25 that is the large flaw develops or some perceived, highly

1 significant issue that's going to be an emergent issue, and
2 that is actually the easiest one probably to decide whether
3 we -- how we work together to gather the information to
4 determine whether it's a problem or not.

5 One of my problems with initiatives -- and I think
6 you alluded to it earlier, that sometimes the initiative may be
7 perceived as an easier way for the regulator to get something
8 done or to justify doing something without having to go through
9 the 5109 process and other things, not casting any aspersions.
10 But it could be viewed that way. You also mentioned -- later
11 down we talk about budget and the need for operational
12 planning, and quite frankly the limited resources both the NRC
13 and the industry have to do things.

14 One of the things we might consider doing is part of
15 the operational planning process of the NRC and industry is to
16 literally -- whatever your budgeting year is -- I guess you get
17 it through September?

18 MR. HERMANN: Jack is an expert on the operating
19 plan --

20 MR. TUCKMAN: Anyway, the operating plan is to sit
21 down between the NRC and the industry and kind of lay out over
22 the next year or two what initiatives are most -- what are the
23 most important things to be worked on from an industry and NRC
24 perspective such that we might say, you know, Okay; these three
25 initiatives here that -- NRC's ranking in the order that is

1 most important to them. We'll have a ranking of our stuff,
2 which will probably somewhat jibe, because your problem is
3 usually my problem; that we sit down and try and map out what
4 industry initiatives we'll work on in the year 2000 and maybe
5 2001 so you get it in your budget and we get it in our budget
6 and we agree on how things work, and you get the most important
7 initiatives in place first.

8 MR. STROSNIDER: I'm glad you said that, Mike,
9 because in my mind there is a very clear connection between
10 this budgeting process and identification of these initiatives
11 because unless we couple those fairly closely, we'll find
12 ourselves not having the resources to do it.

13 And the one other comment that I wanted to make is a
14 lot of our discussion focuses on problems, trying to -- this
15 event, that event, trying to deal -- I think the other thing we
16 need to recognize is there may well be initiatives that the
17 industry wants to take that will require some NRC involvement
18 in terms of maybe changing a rule or changing some aspect of
19 the regulated environment where it may just be an improvement
20 in efficiency. It's not necessarily fixing a problem, but it
21 comes more to the reducing unnecessary burden aspect of things.
22 And those need to be put on the table also and budgeted.

23 And then of course there needs to be a process from
24 the NRC's perspective. We would look at our outcome goals and
25 maintaining safety, reducing unnecessary burden, public

1 confidence, efficiency and effectiveness, and say how do we
2 rank these. And so --

3 MR. TUCKMAN: Then what's the rank? Then you can
4 make a decision, this one looks like it would be a good one to
5 have an industry involvement in. This one is really more
6 internal NRC.

7 MR. STROSNIDER: And I think from a very practical
8 point of view, when we sit down to put pen to paper here, it's
9 going to be, Well, how does this happen? Do we get a -- does
10 somebody call Bob Hermann or Jack Strosnider or who do they
11 call or do they write a letter? Is there an annual meeting
12 where we sit down and discuss these things? But we recognize
13 there are emergent issues. So we need to think about some of
14 the practical, here's the way we do it.

15 MR. SUMNER: Are there going to be some issues though
16 that are industry wide -- totally industry wide and there's
17 some that are going to be unique to a certain vendor?

18 MR. STROSNIDER: Certainly.

19 MR. SUMNER: Then you may need two different forums.

20 MR. STROSNIDER: Yes. It could be with the owners
21 group. It could be through NEI. It depends on the scope of
22 the issue.

23 MR. SUMNER: And both of those are going to affect
24 your resources, so somehow you have to collect them all and
25 look at them collectively before you decide --

1 MR. HERMANN: Thought from the group on process,
2 though, do we want to try to do something in terms of including
3 a threshold in this? It could be dollars, it could be man
4 power, it could be risk, it could be loss of structural
5 integrity. Who knows what? But do we want to try to put
6 something into a process to define what all fall in this, or do
7 we just leave it up to judgement of both sides of where it
8 might be beneficial? I'm just trying to facilitate --

9 MR. TUCKMAN: You know, one way of doing it is,
10 literally, if you had a joint planning conference between the
11 various parties -- the NRC, NEI, owners groups, and industry --
12 I mean, ultimately NRC is going to make the determination of
13 where they spend their resources, ultimately.

14 But one way of doing it literally is the industry
15 come with their top five, the NRC come with their top five, and
16 the NRC's perspective on their top five may very well be
17 safety, NRC resources involved. Ours may be safety and
18 industry resources involved. And you kind of put together --
19 it's just very difficult to set a threshold, Well, this thing's
20 got to improve core damage frequency across the industry by one
21 times ten to the minus six or something. It's very difficult
22 to do that.

23 MR. HERMANN: But maybe something that's good for
24 process type of thing is do something -- maybe would write
25 something in there in yearly meeting. Pick the top five on

1 both sides for things that are in the gristmill. Other things
2 that pop out that are emerging --

3 MR. TUCKMAN: Yes. We always have to deal with the
4 emergent issues.

5 MR. MARION: I think the idea of a meeting is an
6 excellent one. There is an opportunity for such dialog at the
7 regulatory information conference in March of next year. Where
8 we could possibly establish a breakout session and bring in the
9 various stakeholders and just initiate the dialog and
10 interaction.

11 MR. TUCKMAN: I was really kind of hoping -- this is
12 going to be a meeting of several top NRC officials, several top
13 industry officials, and several interested members of the
14 public. If you're going to get some meaningful dialog going on
15 the most important issues --

16 MR. STROSNIDER: I think the breakout session at the
17 reg EFO [phonetic] conference -- there's probably some value to
18 having people discuss and voice and understand what's going on.
19 That's part of the purpose of that meeting, but I think to
20 actually get down to the specifics you need to have a much more
21 focused group.

22 The one other suggestion that I would make is that
23 when this meeting occurs -- and I can tell you from the NRC's
24 perspective that when we go through the process of trying to
25 decide where to put resources, we are looking at how it

1 leverages the four outcome goals that I mentioned. The
2 executive team at NRC sits down with each budget area, and in
3 some cases down to specific tasks, and they rank those things
4 one through three, and that's basically how it's coming out.
5 So to make that a meaningful discussion, part of the -- I think
6 what needs to be put on the table is how the initiatives under
7 discussion impact those four outcomes.

8 And I'll tell you, I have a very selfish goal in
9 this -- I think the NRC does -- because at the end of the year
10 we're expected now to report to Congress what we got from the
11 resources we spent, and we'd very much like to be able to say,
12 We spent resources on these activities and here's how it
13 impacted the risk, not necessarily quantitatively, but that it
14 had some impact on safety; a necessary burden, which is
15 probably something that's easier to quantify than the other
16 ones, and that may not happen on a plant-specific basis, but at
17 least generically.

18 And that kind of input would help very much, and I
19 think it will be almost essential for the NRC process, the way
20 we're working, and I would expect that the same information is
21 helpful to the industry.

22 MR. HERMANN: But I think what I'm hearing is that
23 we're addressing a little bit of this too. What level of
24 management NRC and industry -- it seems to me what we're
25 talking about here is doing this probably at the vice-president

1 level of the utilities, probably division director-office level
2 kind of things for NRR --

3 MR. TUCKMAN: But in reality, from the industry
4 perspective, I expect it would be mostly the NEI strategic
5 issues steering group. We -- NEI ought to present a unified
6 position to the NRC of what's most important to them.

7 MR. HERMANN: But reasonably, high-level type of
8 meeting that people are there -- they're empowered to basically
9 make decisions on both sides for the respective group.

10 MR. STROSNIDER: But because of the implication with
11 regard to committing resources and the budgeting process, I can
12 tell you at NRC that it's the executive team; that is the
13 office director and associate directors and NRR that basically
14 make determinations on here's where the resources are going to
15 be put, and so that that level of participation is going to be
16 necessary at some point.

17 MR. HERMANN: I would offer the suggestion from --
18 take it for what it's worth, does the NEI coordinated team
19 include some of the utility vice-presidents and things?

20 MR. TUCKMAN: All of them.

21 MR. HERMANN: No. But I mean if such a meeting were
22 to take place, there would be some representation with --

23 MR. TUCKMAN: Yes. It would be NEI and some
24 representative -- a number of utility executives.

25 MR. HERMANN: Yes. I think that's really important,

1 that that come through. It seems to work for other things.

2 MR. TUCKMAN: This bullet you have on guidance for --
3 needed for creating time lines for the establishment of
4 initiatives. I think it's very important. One of the things
5 the commission, and to their credit has done over the last four
6 or five years, is when they're interested in an issue they set
7 a date, and you know you have to report this back by May of
8 next year. And I think that's a very -- we will sit and talk
9 about something forever unless there's an opposed deadline to
10 get something done, and I think it would be very -- it's very
11 important after the decision of which initiatives are going to
12 be worked on is established that time frames be established and
13 we mutually be held accountable.

14 MR. HERMANN: Is there any thoughts on documentation
15 of what the -- how the -- let's take for instance we do the
16 yearly meeting; the format for decisions, report of the
17 meeting, whatever, for deciding what the priorities are and a
18 way to get feedback.

19 MR. MARION: I would envision such a meeting be held
20 as a public meeting and that some meeting summary would be
21 established to capture that.

22 Now, the question of reaching an agreement on
23 activities within this initiative framework -- then I would
24 think individual meetings on each of those initiatives in the
25 future would proceed, and then they again would be held in the

1 public forum.

2 MR. HERMANN: Maybe pick the top five -- or agree on
3 the top five for both sides and the order, and then separate
4 meetings later to come up with schedules or something?

5 MR. TUCKMAN: I honestly believe what will happen --
6 we have a public meeting where both sides are getting input. I
7 believe ultimately it becomes the NRC's decision as to whether
8 this initiative will involve the industry or this one they wish
9 to do themselves. So I almost see it coming out as a --
10 directive is not the right term -- but after the NRC gathers
11 the input from the industry, the public, and the NRC, they turn
12 around and issue a document, whether it be the operational plan
13 or some document, then after that there will be meetings set up
14 for each particular initiative, public meetings, as Alex has
15 described, where then the action plans are developed and laid
16 out.

17 MR. HERMANN: Audience?

18 MR. DYLE: This is Robin Dyle. Having been through
19 some of these things and going back to a comment Lewis made
20 earlier, the other thing you might want to consider putting
21 into this process is when the voluntary initiative is limited
22 to a reactor type or something like that, leave that in as --
23 identify it as a voluntary initiative and let that be done by
24 the executive oversight committee of the given owners groups
25 and track it in that way, and I think that would facilitate

1 doing that and not muddy the water.

2 The other thing that comes out of this, as somebody
3 mentioned earlier, emerging issues always get handled. The
4 other thing, if you're going to limit this -- and I wasn't sure
5 what was said earlier, whether this is going to be limited to
6 initiation of voluntary initiatives in lieu of regulatory
7 action. There's a couple of other items that have been
8 discussed in the past where there was agreement between the
9 staff and the industry to pursue a certain course of action.
10 The most recent I'm aware of is how to develop a knowledge base
11 so you can weld on irradiated stainless? Does that fit into
12 this kind of thing or is that just a joint technical project
13 that's going to be worked on and tracked in a different way?

14 It gets back to Alex's comments earlier. What's an
15 initiative? How is it going to be used? Are you going to take
16 credit for it, use it, and that kind of thing? I think a
17 question of process is how does that fit into this kind of
18 process?

19 MR. MARION: Yes. I think Robin brings up an
20 interesting point. I'd like to step out on a limb and suggest
21 something here. I don't think we've given adequate treatment
22 to the questions. I think we need to go back and make sure we
23 have an understanding of the possible action items or the
24 possible conclusive response to the question.

25 But it seems on the first one on how initiatives are

1 initiated, there seems to be a general understanding to
2 consider the idea of an industry-nrc planning conference or,
3 for lack of a better term -- I think planning conference was
4 the term that Mike used. And I would suggest we consider that
5 as an action item as one way of initiating initiatives. On
6 emergent issues, it's just a matter of a phone call.

7 I know that Ralph Beedle, senior vice-president and
8 chief nuclear officer at NEI has received phone calls from Sam
9 Collins from time to time saying, Hey, there's a problem we
10 want to meet with NEI and discuss. That needs to be identified
11 as a way to initiate some discussion but the key concept it
12 seems to me is open, candid, frequent dialog between the
13 industry and the NRC as soon as something is identified.

14 MR. TUCKMAN: And I would say that needs to be at a
15 fairly high level --

16 MR. MARION: Right.

17 MR. TUCKMAN: -- otherwise we wind up with -- I don't
18 think you want individual reviewers going to an individual in
19 the industry and creating --

20 MR. STROSNIDER: And another important aspect of what
21 Robin mentioned is -- I think it gets back to the question on
22 threshold. There's a lot of cooperative activities. If you
23 look at this from an NRC perspective, there's cooperative
24 actions between research and EPRI and things like that, and do
25 they fall into this? You know, we need to put some more

1 thought to that.

2 One thing I threw out on the table is NRC has some
3 internal guidelines for when we develop an action plan, and
4 that basically is if we're going to spend more than a certain
5 number of resources on it, it becomes an action plan and it has
6 to have well-defined milestones, et cetera, and that's one way
7 of getting it to threshold. And because certainly there's a
8 lot of interactions that go on at more of a technical level,
9 which probably just -- or hopefully are working well, and they
10 ought to just keep doing that.

11 So we don't want to -- we've got to figure out what
12 we're putting into this and what we're not putting in, and that
13 was a good point.

14 MR. HERMANN: Yes. That was one of the reasons I
15 threw the slide up, not to get out of doing the first one, was
16 that the last area down here, I think everybody pretty well --
17 there's no disagreement on this would be something the industry
18 could do their own thing on, the last category down here on
19 this bullet. The first ones are probably things that fall in
20 the emerging issues category, and to me the second ones are the
21 ones that we might be chewing on a little bit in terms of
22 deciding what to do. I think in the first ones there may be
23 some levels of, does this really -- is it a significant enough
24 issue to really have to worry about, on the first one.

25 But the second one is something that's a little

1 tougher to put your hands on in terms of where you stand with
2 it, and that's where I was trying to go before with threshold.
3 We really want to try to define that or not -- and I personally
4 think it would be very difficult to try to define a threshold.
5 I think the best we could do is what Jack suggested, is come up
6 maybe with some manpower estimates of how much does it mean to
7 both sides, and put that in there.

8 But I would think these kind of issues are the things
9 that you'd see on maybe some of these in the meeting that you'd
10 have once a year. The ones that just aren't all that clear cut
11 in terms of -- they have safety significance, whether they're
12 risk -- maybe they're a little bit -- there's a question or not
13 on whether they're in the design basis, but maybe they meet
14 some kind of backfitting criteria.

15 MR. STROSNIDER: Two comments on that second bullet.
16 One is that reading between the lines, there's some 5109
17 implications in there as this cost beneficial sort of thing.

18 MR. HERMANN: That's what was in the commission
19 paper, so that's why we used that.

20 MR. STROSNIDER: I understand. But the other
21 comment, just for the record, is that we don't do anything risk
22 based. It's always risk informed.

23 MR. HERMANN: Okay. Do we -- direction. Do you want
24 me to go back to the first slide?

25 MR. MARION: Yes. I guess the question -- here

1 again, we have to get in details and it becomes a topic issue
2 experience, and unfortunately we all relay it on our past
3 experiences.

4 But I've had a couple of interactions with the staff
5 in the early part of last year discussing NEI's initiative
6 process and the type of initiatives we had undertaken, et
7 cetera. And one of the points to try to convey to the staff --
8 if there was a structured process that we could identify that
9 gives a menu of when you take this action or not, we would
10 already have one. But there isn't, and I think we need to
11 recognize that as we go through this. It may be that it's very
12 difficult to differentiate between those first two categories
13 in terms of regulatory action.

14 I don't know if that's the conclusion, but I would
15 suggest a differentiation from NRC's scope and responsibility
16 is where the answer lies on those first two.

17 MR. HERMANN: Have we about killed this one?

18 MR. STROSNIDER: Yes. I will just make one general
19 statement here, is I think this is good dialog. We need to go
20 through each of these issues, but as we mentioned at the
21 beginning, or intent is to put out a Federal Register notice,
22 and so there will be more opportunity to comment on these in
23 more detail in writing, and we really want to encourage people
24 to do that.

25 MR. HERMANN: But I think the scope of the transcript

1 at least might be things that we can abstract from to --

2 MR. STROSNIDER: We may include it in the Federal
3 Register notices --

4 MR. HERMANN: Right.

5 MR. STROSNIDER: -- things are starting -- based on
6 these comments, here's some ideas --

7 MR. HERMANN: Exactly.

8 MR. STROSNIDER: -- some more concrete thoughts that
9 you could comment on.

10 MR. SUMNER: I was just going to say, as you go
11 through and you put together your document -- and resources is
12 always an issue, both on the NRC and with the utilities -- when
13 you get to the point of deciding if an annual meeting or
14 something similar to that is a vehicle that we can get a rank
15 order of what's going to be worked on, I would suggest how that
16 meeting is put together or done -- again, looking at it from a
17 perspective of -- or in my mind there's going to be issues that
18 effect every utility out there at a high level, and NRC's going
19 to look at their resources that they've got to put towards
20 addressing that.

21 Then you're going to have these other individual,
22 whether it be with a VIP or whether it be with a BWR owners
23 group or some other owners group out there, that somehow --
24 there's probably existing schedules for those and resources
25 already dedicated to get those schedules met -- somehow there's

1 going to have to be some sort of getting together of the
2 industry on those individual stakeholder type issues that are
3 going on and factoring those into when you go make your pitch
4 for, This is what we want to do as an industry out there at an
5 annual meeting, because anything that comes out of that may
6 reflect back into what where we're going to have to go back and
7 we can't do these issues now -- more narrow issues because
8 we've agreed to do the bigger issues out there.

9 So there's going to be -- I don't believe it will be
10 just one meeting. I think it will be a series before you lead
11 to the final conclusion --

12 MR. STROSNIDER: And I think we may be planting a
13 real acorn here in terms of -- it's very difficult to have a
14 meeting and discuss this part of the budget, and we're going to
15 talk about, Here's what we're going to do on voluntary
16 initiatives, without getting into, Well, what's the impact of
17 that on licensing actions? What's the impact of that on the
18 inspection program and everything else? And that's why I said,
19 it will be interesting to see how it develops because if the
20 NRC gets into a mode of perhaps greater stakeholder involvement
21 in its budgeting process, it may require more than looking at
22 just this area.

23 Is this initiative more important to you than
24 completing 1,700 licensing actions? And well, it depends --
25 and that gets down to some very specific interests.

1 Nonetheless, I think that sort of dialog has to
2 happen as part of the budgeting process, so --

3 MR. TUCKMAN: Part of the budgeting process also --
4 you have ongoing work that you have to get accomplished, and I
5 presume you're going to do your baseline inspections and that's
6 probably non-negotiable. Right? So what you wind up doing --
7 the process becomes self limiting in that the amount of
8 resources left available to do -- I will call it discretionary
9 or further improvement work is limited, and the -- what, quite
10 frankly, would be most important I think to everybody is to say
11 that that limited resource is going to be spent this way.

12 MR. STROSNIDER: Exactly. And then of course the
13 industry might see something so important they want to go to
14 Congress and say, You know, those guys need some more
15 resources.

16 [Laughter.]

17 MR. PALLA: I just want make a brief comment about --
18 based on experience with the severe accident management
19 program, one of the sticking points was on what to do with --
20 what to do in the way of inspection or auditing or monitoring
21 of this activity once it's completed? And I think to the
22 extent that it's possible up front to get our arms around how
23 it is that the NRC will -- what we will do from a regulatory
24 point of view with the program once it's been implemented,
25 whether it be inspect it, whether it's something we don't need

1 to inspect, and what aspects of it -- if we can parse out those
2 pieces, identify the pieces that are within the regulatory
3 purview, which parts are not, which parts would be inspected,
4 which parts would not, to the degree that we could up front put
5 that in the initiative, that we can at least reach a tentative
6 agreement on the general principles there or the boundaries
7 around that.

8 It's been a problem with severe accident management.
9 We started off with the thinking we're going to inspect it.
10 Then we thought, Well, what are we going to inspect? We don't
11 really have a regulation. So they said, We still want to have
12 some confidence, and then we shifted, Well, we'll do some
13 audits. And then we get to the point, Well, now we're going to
14 do a risk-informed oversight process. Now we shifted and said,
15 Well, maybe we don't even need to do audits. We'll just
16 maintain some kind of oversight of this in our ongoing process.

17 So -- now had we thought about it in advance it might
18 have been overcome by events anyway, but I still think it could
19 save some knocking of heads at the end if you can hammer that
20 stuff out in the beginning.

21 MR. HERMANN: That might be something that's good for
22 the individual -- not for that first budgeting meeting but
23 maybe for the individual topic meetings.

24 MR. PALLA: But eventually, this thing evolves to a
25 point that the NRC's faced with a decision, is this something

1 we want to endorse in lieu of going with some regulatory
2 action, and I think it would be helpful for us to know up front
3 if there's an agreement about what we would do with it at the
4 end. If there's a basic disagreement at the end that this
5 thing shouldn't be looked at, then that could influence in the
6 beginning whether or not we want to take it on as an
7 initiative.

8 MR. HERMANN: I agree with what you're saying. I
9 think maybe from a recap standpoint where we're getting to on
10 some of this, is that what we're saying is process is
11 important, resources are important, and some of these other
12 things are important, and maybe when we've done issues in the
13 past we really didn't look at it very systematically as we were
14 going through it, and maybe what the need is is just to do that
15 way up front and get understanding on both sides where we're
16 going with it.

17 MR. MARION: But that -- doesn't that relate to the
18 second question in terms of significance? If it's clearly
19 safety-significant, then I think the answer to the question of
20 NRC having an opportunity to inspect is very clear.

21 One of the discussions that we've had -- well,
22 several discussions we've had with NRC on initiatives was that
23 it's very difficult to identify things that utilities may do in
24 response to a voluntary initiative that to some extent don't
25 fall within the Part 50 programs that currently exist in the

1 plants. And maybe one of the things -- it seems to me that if
2 we can make the regulatory requirement and basis very clear up
3 front and you can identify the part of the scope -- I'm sorry,
4 not the scope -- but the specific activity that falls within
5 the scope of Part 50 and get really focused and very specific
6 and identify that basis, that's something that is a lot easier
7 said than done, but it seems to me it's a very important
8 element of this process to continue to suggest, Well, it's a
9 safety-related component. It falls within the Appendix B
10 program -- I think today doesn't carry the weight that it did
11 years ago.

12 We need to get a little bit better on both parts,
13 both the industry and the NRC, in a better definition of the
14 regulatory basis. But once we do that, the inspection
15 authority is very clear and straightforward, I think.

16 MR. BRINKMAN: This is Charlie Brinkman from ABB. I
17 wanted to go back to Jack Strosnider's comment on the resource
18 allocations.

19 I think one of the problems that's confusing all this
20 is are we really talking about industry initiatives that are in
21 lieu of regulatory action or are we talking about industry
22 initiatives in general?

23 If we really are talking about those that are in lieu
24 of regulatory actions, you've got to have a budget for that,
25 and the general premise here is that these industry initiatives

1 are probably going to reduce the NRC resources that are
2 necessary.

3 So if we --

4 VOICE: At industry.

5 MR. BRINKMAN: Yes. But he was referring to his own
6 resources in his statement. So therefore if it's in your
7 budget for a regulatory action that you would have taken
8 anyway, this industry initiative should have the general effect
9 of reducing that.

10 MR. STROSNIDER: I guess there's a couple of comments
11 there. One is -- I think you made a very important point, that
12 we need to make sure we define exactly again what initiatives
13 we're talking about. There's a lot of initiatives that
14 wouldn't necessarily fall into this process that we're talking
15 about. We've got to be careful to not make this thing so big
16 that we're trying to encompass everything. These are just
17 initiatives in lieu of regulatory actions, and so that's an
18 important point.

19 You're also correct that we would expect that there
20 would be efficiencies gained, both from the NRC perspective and
21 the industry. It avoids us having to prepare generic
22 communications, put it through that process, et cetera, but we
23 do spend resources of course looking at the industry's
24 proposals, but we think there are some efficiencies, we think
25 there is some timeliness to gain there.

1 The final comment though with regard to a budget --
2 yes, there is obviously some budget in this area. Regulatory
3 improvement is where it falls in our budget area, and it's the
4 one that's being decreased the most rapidly. And one of the
5 points I make there is that to the extent that -- clearly if
6 there's safety issues, if there's something that needs to be
7 dealt with it's going to be dealt with.

8 But to the extent that some of these other
9 initiatives, as I suggested earlier, might be improvements or
10 enhancements, to the extent -- the BWRVIP topical reports falls
11 into that area, so in order to do those kind of topical report
12 reviews, we have to make sure that we're getting the right
13 amount of resources in there.

14 It's the same area, by the way, that would have been
15 charged for writing the generic letters in the past. So in a
16 sense, you're just transferring these resources from one
17 activity, which might be writing a generic letter, to another,
18 which is reviewing the industry proposal in that case.

19 MR. TUCKMAN: Jack, just as an example -- I'm not
20 familiar with the BWRVIP in infinite detail -- there's a lot of
21 reports that are listed. Would you agree that a fair number of
22 those are not issues of regulatory purview? No, they all are?

23 MR. STROSNIDER: No.

24 MR. TUCKMAN: Okay. I guess my point was, there can
25 be an initiative like BWRVIP that would have -- and you might

1 only be interested in a third or a half of the topical reports
2 they put up there, although the BWRVIP is preparing topical
3 reports for all the areas, because they want to take care of
4 their equipment.

5 MR. STROSNIDER: The situation you're describing --
6 the scenario is clearly possible.

7 MR. TUCKMAN: It's like the SGMP, I guess is --

8 MR. DYLE: I guess just to try to add to that, the
9 question asked, there are a large number of documents that were
10 produced, and then in the beginning of the VIP what was done
11 was those items that were believed to have regulatory purview,
12 where the BWR owners wanted approval of the document, it was
13 specifically submitted and says, This has to do with inspection
14 of a safety-related component, and we want your SE on that.
15 The other documents are supplied to the staff for information
16 purposes only so they will understand what the owners are
17 doing, and I think those would be outside of regulatory
18 purview.

19 Like how would you monitor hydrogen water chemistry,
20 how do you most effectively implement it, and those things, are
21 outside the regulatory purview unless for some reason you would
22 then use the technical basis within that document, make a
23 safety-related component acceptable for some reason --

24 MR. STROSNIDER: Yes. Okay. Thank you, Robin. And
25 I guess maybe the clarification is that I think we have a

1 mutual understanding of what's in the purview and what isn't,
2 and there may be more documents there for our information.

3 MR. STEIN: Steven Stein. I would like to react to I
4 think it's Alex's comment about determining the regulatory
5 scope of voluntary initiative as defining the inspection scope
6 of anything we had oversee. Risk informing our oversight
7 process and our inspection program gets us out of that box. As
8 our previous chairman said, Risk takes us where it takes us.
9 And the goal of the inspection process or the oversight process
10 is the Agency's ultimate mission, which is protection of public
11 health and safety, and it doesn't matter whether doing that
12 relates to safety-related equipment or existing regulations or
13 not.

14 So my point is -- it's a very good point, but yes, we
15 need to define the regulatory scope of voluntary initiatives
16 but it's going -- there will be other questions that we need to
17 ask, that is, How much does this affect the risk of the plant,
18 how much does this affect public safety, that we have to answer
19 to determine what it is we're going to oversee.

20 MR. STROSNIDER: And I think your comment points out
21 an important principle that was mentioned earlier. As we go
22 through trying to establish these guidelines, we should make
23 use to every extent possible of already existing processes,
24 regulatory processes, the enforcement policy, the enforcement
25 guidance, the inspection programs. We're not going to try to

1 reinvent the those, and assuming that those things are headed
2 in the right direction, if we incorporate them in this then we
3 ought to be achieving the same goals.

4 MR. HERMANN: Okay. It's quarter to 12.

5 MR. STROSNIDER: Quarter to eleven.

6 MR. HERMANN: But have we done enough to this slide?

7 MR. STROSNIDER: It's a quarter to 12 Eastern.

8 MR. HERMANN: Do we want to go through this some
9 more, or do we just agree that the first two are the ones we're
10 really talking about? And I'm not sure what else we can much
11 do about this at this stage of the game. Maybe it's better to
12 get some comments in on the first one and the second one in
13 terms of what really the thoughts are, what the criteria are,
14 in terms of are these the appropriate types of initiatives, do
15 we want the definitions changed, do we want to do something
16 else with them? The last one to me is pretty clear issue
17 that's consistent with what we had in the commission paper,
18 that the industry ought to be able to do what it wants on these
19 programs and we shouldn't have much involvement on them.

20 The first two the question is, how much and where and
21 what and how to do it. And, panel?

22 MR. STROSNIDER: Just a brief comment. And we get a
23 lot of interaction between the elements we're going to be
24 talking about. But I think it's very important that we do come
25 up with mutually agreed upon definitions, both to avoid

1 confusion but also from a public confidence point of view, it's
2 very important for the NRC to be able to say, This voluntary
3 initiative is being taken in lieu of a regulatory action. The
4 issue is being addressed through this, versus, Here's something
5 that's really -- it's not -- there's not necessarily a big
6 safety, or perhaps any safety, implications, in case it would
7 all fall into a different definition.

8 And from the public perspective, we need to be able
9 to make it very clear what falls into which category and why
10 we're doing it, because the question is there. Well, why
11 didn't you write a rule? Why didn't you issue a generic
12 letter? Why don't you take some other action? Well, we're not
13 doing that because it falls right here.

14 So we'll talk more about that when we get to that
15 element, but I think in terms of definitions, there's a lot of
16 good reasons to try to hammer those down, even though that's a
17 challenge.

18 MR. HERMANN: Like on the first item that's up here
19 though, one might leave it like it is right now or one might
20 throw in discussions of risk significance or something like
21 that in the first step. That might be a good thing. That
22 might be a bad thing. That sort of has two pieces to it.

23 MR. MARION: I'd like to offer a couple of comments.
24 It seems to me, as I mentioned before, just looking at the
25 words up there it's difficult to differentiate between the two

1 and try to figure out what goes in each category. Maybe, to
2 get back to Jack's point about clear definition and
3 understanding of terminology, when I looked at the SECY paper I
4 had one reaction, and then when I tried to figure out, Okay.
5 Why is the NRC saying some of the wonderful stuff in the SECY
6 paper? Well, it's rather straightforward and shouldn't be of
7 any surprise.

8 The NRC is looking at, Okay. How does this fit into
9 the regulatory scheme of things? And if you look at it from
10 that perspective, you get a completely different response or
11 reaction, if you will, to the SECY paper. So I think
12 definitions and decision-making concepts need to be clearly
13 defined and established. Regulatory action, regulatory
14 decision making -- and once that's established, I think the
15 licensees can follow suit in terms of their responsibility in
16 being the recipients of regulatory actions and regulatory
17 decision making, because there are two different perspectives
18 that need to be clarified.

19 MR. HERMANN: Why don't we leave it -- I'll tell you
20 what I'd like to do on this time. I guess I'd like to get some
21 input on this one.

22 MR. SUMNER: I think as long as you leave the first
23 one that says those that substitute for, I think from a public
24 point of view, I think the question should be how can you do
25 that? How can you put something in place that is -- how are

1 you allowed not to put a regulatory action in? How are you
2 substituting for that? I think that particular definition
3 there needs some work just to see what you really meant to say
4 by that.

5 MR. HERMANN: Okay.

6 MR. MARION: Lewis touches on a point that struck me
7 was just not knowing all the details, not knowing about
8 regulatory process, not knowing about licensees, public
9 reaction. And I -- on a personal note, I asked someone in my
10 family to take a look at some of the terminology in the SECY
11 and tell me what she thinks -- you'll probably conclude this is
12 my wife, who I listen to all the time -- and her reaction was,
13 Well, do you mean to tell me that the NRC is going to let you
14 guys develop regulations?

15 That's just an observation, and I think we need to be
16 really sensitive to the terminology as we bring in the public
17 stakeholders on this, because you -- clearly NEI does not -- in
18 discussions we've had over the years, we feel that NRC has a
19 straightforward statutory responsibility and mission that they
20 need to carry out. But by the same token, there are some
21 things that come up in terms of issues where the NRC may want
22 to defer to industry to do something and if that is successful,
23 then NRC action will be clear. They'll either take action or
24 not. And I'm referring to some of the problems with
25 procurement and substandard parts years ago was such a morass

1 of issues in complexity and challenges, and we felt that the
2 industry could better control the procurement process, and if
3 as a result of our implementing some initiatives and taking
4 some action, if the NRC wasn't satisfied with the outcome then
5 the NRC could proceed with rulemaking.

6 And at that -- I'm just citing that as an example. I
7 hope we don't get into issues like that in the future. But my
8 point is it may make more sense for NRC to give industry time
9 to do something so that NRC can proceed with a well-informed
10 regulatory decision making, depending on the issue and the
11 amount of time involved.

12 MR. HERMANN: Well, I agree that the definitions need
13 some work on them, but I also think it's fair to say that I
14 think there's been a policy decision by the commission to allow
15 the industry to do things that we would have done by regulatory
16 action. These things are clearly replacements for things like
17 generic letters, and we may change the definition a little bit
18 but when the bottom line hits the road, that's what we're
19 doing.

20 MR. STROSNIDER: Yes. As you pointed out, Bob, we
21 want some input on this. Clearly one of the things when we
22 solicit through the Federal Register for comments, we want
23 comments on these definitions.

24 The other point that comes across very clearly is the
25 NRC has this initiative on plain English, and we need to make

1 sure we're making it such that -- to the public that the
2 message is clear and that it's understandable, and also that we
3 are transmitting the right perspective. So --

4 MR. HERMANN: The other thing that came up as a
5 discussion at the last industry initiatives meeting was that
6 very least item in the footnote, and that's why I put it back
7 down there. The threshold -- now, I may not exactly know what
8 the level of adequate protection is and it may be a hard thing
9 to come to, but it's clearly that anything that constitutes an
10 issue of that level of safety significance is something that
11 the NRC doesn't have the right -- it's their responsibility to
12 maintain dealing with those issues. And I don't think there's
13 any disagreement with anybody in the room on that.

14 So those first two items are things that are --
15 threshold is less than that.

16 MR. SUMNER: I think when you put this out for public
17 comment, you're going to have to expand on what you mean there.
18 People will not know what BWRVIP --

19 MR. HERMANN: I agree.

20 MR. TUCKMAN: Actually, a packaging issue is -- you
21 ought to have four things listed, one of which is the -- the
22 top one, which is really what you have here as a footnote on
23 the bottom. If you want to --

24 MR. HERMANN: That's originally how we had it and
25 then we had help.

1 MR. DYLE: I guess Lewis's comment struck me, that
2 the idea of substituting for regulatory actions -- there is a
3 vehicle to do that that's been limited to date to code
4 activities. In 5055(a)(3)(I) there is the option to provide a
5 technical alternative to that which is already required. Just
6 toss is out for consideration, but maybe what you do is put
7 that vehicle in place and not limit it to simply code but
8 anything where there's a regulatory provision, the industry can
9 come in with a technical alternative to that provision as
10 opposed to an exemption from the rule, which certainly creates
11 all sorts of problems.

12 It seemed to be very effective in changing reactor
13 vessel inspection criteria.

14 MR. STROSNIDER: Yes. And I don't want to slow us
15 down by getting off on a totally different tangent, but people
16 may want to think about -- Robin brought up an interesting
17 point. Remember if you go back to direction-setting initiative
18 13, which was the genesis of all this, there were two parts to
19 it. One was codes and standards and quite frankly, I don't
20 know if it's fair to say that there is a direct conflict
21 between voluntary initiatives and codes and standards, but
22 there's certainly some competition there because a lot of these
23 issues can be dealt with through a codes and standards
24 approach, and it's really up to the industry at that point to
25 decide which is the most efficient method.

1 Now, some of them you may not be able to do anything
2 other than codes and standards, because you need to change the
3 codes and standards, but if you look at the BWRVIP, the
4 inspection guidelines and everything we're talking about, it
5 looks an awful lot like Section 11. And 15 years ago that
6 might have been the way it would have been done. And as part
7 of -- again, as part of the planning, it would be of benefit
8 for people to say we're making a conscious decision. We're
9 going to do this through an initiative, through industry
10 guidelines, or we're going to take this through the code.

11 MR. HERMANN: It looks very much like 11 in terms of
12 inspection rules and in terms of flaw evaluation rules and in
13 terms of repair rules that are out of the usual way of doing
14 things, and all those are covered in that program.

15 MR. STROSNIDER: But there's a whole area there which
16 could be discussed at length. I don't know that we want to
17 spend the time on it now, but it is interesting.

18 MR. MARION: There's -- the issue of codes and
19 standards and how they play on regulatory space, et cetera --
20 NRC participation and endorsement of standards is being dealt
21 with separately in our semi-annual meetings between the
22 standard organizations and NRC. As a matter of fact, they're
23 planning a meeting in November some time now, but at some point
24 when all of that gets thrashed out, we have to make sure the
25 two efforts are somewhat complementary.

1 MR. HERMANN: Enough of this one? Did we pretty well
2 cover this one already, or do we need to really --

3 MR. TUCKMAN: Well, the first bullet that you have up
4 there I think is vital. I think initiatives need to be
5 formalized and the leader of that initiative on the industry
6 side and NRC management side needs to be named so that the
7 communication paths very well.

8 MR. HERMANN: I think just one comment I would make
9 on the first part of that is from experience, and I know Robin
10 shares my view on it, that to me the thing that had made the
11 VIP very effective was what Lewis put up there earlier, that
12 line of management on the top of the thing, the line of
13 technical contents to do the work, and the communications
14 between them.

15 We come to a thing like on the VIP program -- we have
16 a one-day call on status everything, just for communications at
17 the lower level to make sure the things stay on schedule, and
18 it's because there's people with the responsibility to take
19 care of those. Steve Lewis [phonetic] is stuck doing it for
20 them, Gene and I for the NRC, and every Monday we have calls
21 and schedules and the rest of the stuff. And I think you
22 really need to do that to make these programs work, if you want
23 to get anywhere with them. You need the higher level to make
24 sure you've got the horsepower to make it work, and you need
25 embodiment or entitlement, I guess, or whatever you want to

1 call it.

2 MR. SUMNER: Yes. I think there's another element
3 too, is that there is periodically a management briefing too
4 that happens that may need to be a part of this too, is that
5 once every six months or whatever is the right frequency that a
6 management meeting is held, especially when there are -- appear
7 to be roadblocks along the way, that policy decisions need to
8 be made.

9 MR. HERMANN: You think that's probably worthwhile,
10 putting that in the process?

11 MR. SUMNER: Yes.

12 MR. HERMANN: Okay. Anything on the second one?

13 MR. MARION: Just a comment. That kind of management
14 structure may range from a more comprehensive one that you have
15 on the VIP to just one contact or two contacts. It depends
16 upon the nature of the issue.

17 I've got a question on the second bullet. When
18 you're referring to topical reports, you're referring to the
19 BWRVIP type products as well as the owners group topical
20 reports --

21 MR. HERMANN: It's something that requires staff's --

22 MR. MARION: Okay. So topical reports in the general
23 sense?

24 MR. HERMANN: Yes. We've put together a lot of
25 things, like we've had some owners group activities that have

1 come in like our hydrogen water chemistry that we've really
2 rolled the review of those into a VIP program because it really
3 facilitated things like discussions on crack growth, so rather
4 than do them by themselves, we did it as a support to the other
5 one, and I'm pretty sure the things that are going to come out
6 on the revisions to the piping inspections will rely say on the
7 hydrogen water chemistry reports.

8 MR. BRINKMAN: Just a question on the staff review
9 and comment on industry guideline documents. Is the intention
10 that NRC endorse those?

11 MR. HERMANN: I guess what I'm going to do is give
12 that to Mike, because what I consider those to be is the kind
13 of thing that we're doing with the --

14 MR. TUCKMAN: SGMP.

15 MR. HERMANN: -- with the steam generators. And the
16 answer, I don't know. Jack and Mike --

17 MR. TUCKMAN: Some of the documents we provided
18 for -- to help understanding, if you will, to make sure that
19 the staff understands the depth of a program, and others we're
20 actually submitting for endorsement, if you will. So I think
21 as you lay this voluntary initiative out, you wind up
22 determining what things you're asking for NRC approval of if
23 you will and what things are there just to improve the overall
24 knowledge.

25 MR. HERMANN: My guess if it were to start over on

1 that today in terms of what the process is that we're talking
2 about, they probably would have decided which of those would
3 have been in what categories when they kicked off the
4 initiative.

5 MR. STROSNIDER: But you get into a very basic
6 question of at what level do you draw the line and say that it
7 becomes the licensees responsibility, that they are going to
8 implement and comply with certain expectations through their
9 own procedures and process? And in the case of the steam
10 generator initiative, what we tried to do was to look at some
11 of the higher tier and put this in a performance-based space so
12 that here's the performance expectations, and then when you get
13 down to how do you accomplish that, there's numerous guidelines
14 that have been developed by EPRI and the industry and NEI to
15 accomplish -- to try to meet those performance goals.

16 And at some point the NRC has to say, All right.
17 That's the licensee's responsibility. We might go look at that
18 in terms of inspection, but we don't approve every procedure at
19 the plant.

20 MR. TUCKMAN: And the reason of course is you'd like
21 to have the opportunity as things change and improve to
22 continue to change those documents without prior NRC approval.
23 But the higher the protocols, if you want to call it, those are
24 reviewed by the NRC.

25 MR. STROSNIDER: But there was a -- that was the

1 underlying -- that was the driving force for a while of the
2 discussions, is where do you draw that line and how much do you
3 need in this case, in some proposed technical specification
4 changes and a referenced report from the tech specs, how much
5 needs to be captured in there, which has a different regulatory
6 hook, if you will, then some of the lower tiered documents.
7 And a lot of the discussion focused on that.

8 MR. HERMANN: But isn't one of the things that's
9 going on as we speak is the performance indicator getting
10 developed on steam generators?

11 MR. STROSNIDER: Well, part of this process was to do
12 that. Now, the other discussion is in terms of the performance
13 indicators and inspections, is there any relationship there?

14 MR. TUCKMAN: In essence what we've done is -- part
15 of the process, we've developed performance criteria and we
16 treated it just like -- well, it is part of the maintenance
17 rule. The steam generator is part of the maintenance rule.
18 You have performance criteria. The NRC has approved those
19 performance criteria, and there you go.

20 You weren't talking about in the overall indicator
21 program -- steam generator indicators, were you?

22 MR. STROSNIDER: No. Well, I think the question has
23 come up and it's if you develop performance criteria in various
24 initiatives like steam generators and other places, that is
25 there a consistency between those and what's in the inspection,

1 or does there need to be? And at least they need to be bounced
2 off each other and make sure that --

3 MR. TUCKMAN: Inspection can demonstrate the
4 performance criteria.

5 MR. STROSNIDER: Yes.

6 MR. HERMANN: Enough of this one?

7 MR. MARION: Question on the very last item. You
8 indicate no staff reviews and only inspection follow-up. I
9 guess the question is, to get back to the point that was made
10 earlier, inspection follow-up necessitates some clear
11 understanding of what has been done by the licensee and
12 capturing that understanding in some kind of inspection module.
13 I don't know how easy or difficult that may be absent NRC
14 thorough review and endorsement of the guideline.

15 MR. HERMANN: Well, that's what we're talking about.
16 That's exactly what I was trying to -- I don't think the answer
17 is you're going to do exactly one of these. I think the answer
18 is going to be sort of a mixed mode. And I think the steam
19 generator discussion we were having here earlier, that the
20 staff's been involved in the discussions of the guideline but
21 there's not going to be a review and approval in there. It's
22 going to be the industry. But yet there's going to be a desire
23 to want to do some kind of -- see if the performance indicators
24 are met.

25 And so -- you're kind of somewhere -- two and three

1 kind of thing?

2 MR. STROSNIDER: I think you need to add actually
3 something to that last bullet, reviews inspection -- and I
4 guess monitoring might be the word -- is we move into this
5 performance-based area. If you establish performance criterias
6 and you're getting -- and part of the discussion we had was if
7 the performance criteria for the steam generators are
8 exceeded -- they're tolerable but it will be reported to the
9 NRC -- and then a decision is made do you want to go do
10 inspections? So there's another tool that we're using in
11 performance based --

12 MR. HERMANN: We didn't redefine that and put
13 monitoring, because the way I think that risk-based program, at
14 least the way I see it, the risk-based inspection program --
15 you can inspect things that are requirements or you can inspect
16 things that are programs to see if there's any risk
17 significance in the programs whether they're requirements or
18 not.

19 MR. STROSNIDER: Yes. I understand. All I'm saying
20 is there's three options there: review, inspection, and
21 monitoring is what I'm suggesting. And it could be some
22 combination of one or none of those, depending upon what the
23 issue is.

24 MR. HERMANN: Take care of this one?

25 This is the one I'm tracking. I don't know how much

1 needs to be said about this. Panel?

2 MR. MARION: I guess my question is what is it we're
3 trying to track, the amount of resources that are being applied
4 or are we trying to monitor the activity via milestones and
5 schedule commitments, or all of the above?

6 MR. HERMANN: One of the things -- what we were
7 trying to do was scratch the itch as we perceived it in the
8 SRM, the first one being the licensees that are doing something
9 committed to or maybe not committed to, even, and the
10 commission's, at least it seemed to us, desire to want to know
11 that they're doing what they said they're going to be doing.

12 Now, I agree. And one case was to a formal
13 commitment and another case, like maybe other things there
14 weren't even commitments associated with, but they were relying
15 on some action that was being done in lieu of doing something
16 else; in severe accidents, the shut-down rule, that kind of
17 thing. I guess there was a firm commitment from both of them?

18 MR. PALLA: In the case of severe accident
19 management, there was a commitment made on each docket. It
20 provided a date by which the utility would complete the action,
21 a target date, and then corresponding to that, once the program
22 was implemented, there was a letter on the docket indicating
23 that the commitment had been -- the implementation had been
24 completed.

25 In contrast to that, in the area of shut-down risk,

1 this was never something that was formally committed to at
2 least an individual utility basis, and therefore I would
3 distinguish the two as being different ends of the spectrum. I
4 think in the case of accident management, you know each
5 licensee -- we knew from the beginning that they were committed
6 to implement, and we knew when they -- at the end that they had
7 finished it, so we could speak. And in giving credit for the
8 voluntary initiative, I think it's important that we have a fix
9 on exactly those things: which utilities are committed and
10 when they're done.

11 The fact that they are done indicates a shut-down
12 risk. It's unclear without such a commitment whether --
13 exactly what is being implemented or what has been implemented.

14 MR. HERMANN: But to me -- and maybe I'm reading the
15 SRMs wrong -- but the way we seem to be reading -- at least the
16 way I seem to be reading the SRM is the commission has a desire
17 to have the industry do these things voluntarily, yet they have
18 a desire to make sure that the industry is going to do what
19 they ask them to do voluntarily, and if they don't do that,
20 then there's a connotation that the staff -- you've got to have
21 some sphere of enforcement if they don't follow those programs.

22 MR. TUCKMAN: I guess the -- if I take the shut-down
23 initiative as an example, Bob, the industry wrote a shut-down
24 document which Alex referred to, and we're all, to my
25 knowledge, following that document. Now, it was not written

1 just like the steam generator management program documents.
2 Detailed guidance documents are not written with the idea of
3 regulatory compliance in mind, literal compliance to that
4 particular document. The basic principles and the activities
5 that you want to do and the oversight, I think we're all doing
6 that. But I think if you took an overzealous inspector and
7 tried to say, Are you doing absolutely every line item in that
8 NEI guidance document, I would suspect you'd probably find no.

9 Now, are we getting 98 percent of the value of that
10 document? I would say probably yes. As you indicated, you
11 have a spectrum of risk, and I think we're much past half on
12 that -- you're getting significant benefit from it. I think
13 when we get to talking about inspection or monitoring or
14 oversight or whatever we want to call it, I think the
15 commission's going to have to -- you do the risk-informed
16 matrix of the baseline inspections, and if something like --
17 shut-down risk is an example -- hits that threshold, I think
18 you're going to have to wind up writing an inspection guide, if
19 you will, to look at some of the -- not, are you meeting
20 everything in NEI whatever it is, but instead, the basic
21 principles associated with shut-down management that you wish
22 to look at.

23 I think you can write that into your inspection
24 module, but again, not every aspect of it. And I think that
25 would provide the commission with the assurance that most of

1 the risk is being taken care of.

2 MR. HERMANN: I think, to follow up on that a little
3 bit, I think the connotation of what I got is exactly that,
4 exactly what you said, Mike, but the question and the related
5 issue to this one has been the backfitting credit. If somebody
6 had been doing something for years and they quit doing it, and
7 you're trying to do a determination as to whether you need to
8 take a regulatory action to get something done in the future
9 because they've stopped, say, how much credit do you pay for
10 the work that's been done in the past?

11 There's a related SECY that just came out with an SRM
12 on credit for backfitting for things that have been done in the
13 past by initiatives. We intend to use that as part of trying
14 to define this thing when we write the process. So we're -- we
15 totally agree with you. None of this ought to be line for line
16 compliance on these voluntary issues.

17 MR. TUCKMAN: And quite frankly, that's the thing
18 that scares us off a lot when the request is, as Jack made the
19 request in SGMP. No. We need to have a commitment. And then
20 you start saying, Well -- all these base documents were not
21 written with the idea of literal compliance in mind, and it
22 becomes very difficult as to what you physically commit to.

23 MR. HERMANN: Just kind of like the VIP things tend
24 to be a little bit more criteria oriented, maybe, than some of
25 the other ones. But on the same token, the licensees can come

1 in and request changes. Whether they're going to get them or
2 not is another question, but they can come in and ask for them.

3 MR. STROSNIDER: A couple of comments on this slide.
4 I think two questions come up. One is when do you need a
5 commitment, and then that's something --

6 MR. HERMANN: That would be a high level.

7 MR. STROSNIDER: Yes. That you have to deal with
8 though. For which -- if we have definitions of these various
9 types of volunteer initiatives, which one of them might require
10 a commitment?

11 MR. HERMANN: All right.

12 MR. STROSNIDER: Now, the second question is, if you
13 have made a commitment, how do you track it, how do you do
14 that, and I think I've got the answer to that one. I'm looking
15 at the letter from NEI August 2 of this year which transmits
16 NEI 99-4, revision zero, I guess, of the commitment tracking.
17 And this again gets back to making use of already existing
18 guidelines. This is one.

19 So the real question here in terms of what we're
20 trying to establish is under what situation do you need a
21 commitment? Once you decide that the commitment has to be
22 made, then we've got some --

23 MR. HERMANN: Just a comment on that one, Jack.
24 We've been working with Bill Reckly [phonetic] in projects, who
25 has responsibility for working with NEI on the tracking system.

1 We provided him comments on the last thing that we've got, and
2 yes, that's exactly what we're intending on using for the
3 commitment tracking -- or we're recommending be used for the
4 commitment tracking. And I think you're absolutely right.

5 You need the definition of what needs a commitment
6 then once you have that, I think there's going to be something
7 in place to -- on how to do it.

8 MR. STROSNIDER: In terms of tracking resources, we
9 talked a little bit earlier about thresholds and NRC action
10 plans and operating plans. Clearly the NRC resource
11 expenditures are being tracked pretty well at this point. I'm
12 not sure exactly what we're driving at with that in terms of
13 just keeping control of budgets, or --

14 MR. HERMANN: Yes. I just think it's just a
15 statement we're going to do it.

16 MR. STROSNIDER: Yes.

17 MR. HERMANN: I don't think it's very profound.

18 MR. STROSNIDER: And again, except when we tend to
19 bounce back and forth between some other issues, but inform
20 stakeholders of status -- this is another important one from
21 public perception point of view. We talked earlier about
22 making sure that it's clear to all stakeholders why certain
23 actions are being taken and what it means. The second question
24 that the stakeholders are going to have is, Well, is it really
25 happening?

1 So depending upon the sort of issue we're talking
2 about, we may need to put out status reports periodically or
3 something to that effect, and there has to be some mechanism
4 for getting information, depending on the issue. I'm not
5 suggesting that's in every case.

6 MR. SUMNER: Status could mean -- could have a huge
7 universe of things. For example, whether or not a BWR is using
8 moderate hydrogen water chemistry or whether they decide to use
9 NMCA as a mechanism for mitigating stress-corrosion cracking,
10 that's really an economic decision on their part. So you could
11 get into such things as reporting -- when you say reporting
12 back to the public, you say, Well, the following utilities are
13 in full protection of their internals. Some are impartial, and
14 some are in no protection.

15 MR. STROSNIDER: Right.

16 MR. SUMNER: You've got to decide what are you going
17 to really report status on. I don't know -- you give that
18 information back out to the public. I don't know if they --
19 it's useful to them or not. I think you need to decide if
20 you're going to report status is what's the audience you're
21 reporting back to? Is it a public health and safety
22 responsibility to report certain things back out? Is it a
23 report to your bosses to tell them how the program's going? Is
24 it a status report of what progress has been made on various
25 issues out there back to the individuals who have an interest

1 in what's progressing?

2 This can be an entity to itself when you talk about
3 what you're going to report for status.

4 MR. HERMANN: I think some of it needs to get outside
5 though, and let me comment on like a VIP thing as an example.
6 There's been a lot of public interest in Nine Mile. One of the
7 things that typically comes out of that is you're worried about
8 the core shroud. What about the rest of the internals? Every
9 petition to shut the reactor that comes down talks about, Well,
10 you're looking at the core shroud. What about the rest of this
11 stuff? The scope of things that are getting done on these
12 programs and the status and what the level needs to be to get
13 outside is one thing.

14 The fact of the matter though -- and understanding
15 that it's being done needs to get outside to scratch the itch,
16 because it's not really being done very effectively now.

17 MR. TUCKMAN: This was not very clear to me what you
18 mean by tracking. Is this tracking of the development of an
19 initiative or tracking of the implementation of the initiative?
20 If you don't --

21 MR. HERMANN: I think it's more of implementation.

22 MR. TUCKMAN: Okay.

23 MR. STROSNIDER: But there's -- yes. There's some
24 real interesting points here. I think Lewis made some good
25 points. Yes. What are you tracking and for what purpose?

1 Who's the audience? And yes. We need to break this thing up
2 into a couple of different areas.

3 Coming back to the public confidence issue, and
4 again, the BWRVIP was -- I think there was a good example
5 there. As mentioned earlier, some of these components that are
6 being inspected and where the cracking is being managed are
7 non-code. There were no reporting requirements, and in fact,
8 we actually had some concerned citizens about, Well, we're not
9 getting information on what the inspections are finding. And
10 we worked with the VIP and we're getting an annual summary now
11 of the inspection findings.

12 And I'll point out here the NRC, of course, has an
13 obligation to inform the public how we're fulfilling our
14 regulatory obligations, and part of it is to put that out but
15 part of it is also to put it in the perspective of how this is
16 being managed from a regulatory perspective. We did put out
17 one NUREG report in this area and we need to develop more. My
18 experience is that's a good way to keep the public informed,
19 and we've had good results with that.

20 But the critical thing here in terms of voluntary
21 initiatives, again, depending on the type of issue you're
22 dealing with, that there may have to be some understanding from
23 the industry's point of view that we need a certain amount of
24 information to be provided to us so that we can point to that
25 and show that issues are being managed, that things are coming

1 to resolution.

2 MR. TUCKMAN: As an example, in the steam generator
3 management program, if the initiative goes the way it's
4 supposed to -- basically, if you have clean inspections of your
5 steam generators you won't submit a report. If you have
6 failures above a certain value, then you're obligated to
7 provide a report. So at least -- or if you miss your
8 performance objectives you're required to notify the NRC. So
9 rather than having a reporting requirement for everything,
10 there are specific things that you report which gives the NRC
11 the information of how well the program's working.

12 MR. HERMANN: But one of the things that might be
13 beneficial is not requiring a report say from somebody that
14 passes the threshold, but maybe a compiled response from NEI or
15 somebody else that says there were 12 plants that were outages
16 this spring, and eight of them or nine of them didn't come up
17 with anything, because -- that says something too.

18 MR. SUMNER: Do you envision that -- I can envision
19 where if you're talking about tracking maybe to the level that
20 it appears y'all have been asked, is you could have a -- you
21 may have to report five plants. We have the following industry
22 initiatives out there which have -- they're in compliance or
23 not in compliance or in progress, and that could get down to
24 many, many, many details out there as to how far -- for
25 example, you say, Are they in compliance with the BWRVIP

1 industry initiative? Yes in some areas and no in other areas.

2 Break that on further down.

3 So a lot of thought needs to be put into what you
4 decide to track out there.

5 MR. HERMANN: I'll give you a perfect example here,
6 and some of these issues you have to deal with on a case by
7 case basis. An example we haven't talked about up to this
8 point is the Y2K initiative. And a voluntary initiative
9 basically -- and there's been a lot of oversight, a lot of
10 tracking, reports down to a system level that the NRC's made
11 public of, Here's what's ready, almost down to the component
12 of, This is going to be replaced in an outage three weeks from
13 now. It was necessary, given the interest and the scrutiny
14 that the NRC and the industry are under on that issue.

15 And I think it's -- we put out a NUREG report on that
16 and sent it to Congress and everybody else, and I think, in
17 that case, yes, it was appropriate.

18 MR. MARION: But that's an excellent example of where
19 something comes up, and the industry and the NRC has to work
20 together, and it's clearly outside the regulatory scope, but we
21 have to deal with it some way, some how. And I think we need
22 to allow the opportunity and the option for those kinds of
23 things in the future.

24 MR. HERMANN: Going back a little bit to the
25 discussion on compliance on the fifth issue, I would rather

1 frame that that there's a program that we've agreed upon to
2 address these issues. The BWRs as a group are following that
3 program. There've been a couple of people that have come in
4 and proposed alternatives, rather than look at it from a
5 compliance/non-compliance perspective.

6 MR. MARION: Alternatives should be allowed because
7 as technology improves or as operating experience as a
8 result -- inspection experience and then knowledge comes to
9 bear, you've got to allow options to make adjustments in your
10 programs, either on a plant-specific basis or an industry wide
11 basis.

12 MR. HERMANN: The practical matter of what's
13 happening with VIP is they just basically go back and do a
14 revision on stuff, because it's -- they'll come up with a new
15 piece of equipment or something else to do something and just
16 roll it in, and really, it's been reasonably hassle free to do
17 that, I think.

18 MR. STROSNIDER: But there's an important thing here
19 too, in terms of tracking and sharing of information. The
20 commitment that we have from the boilers with implementation of
21 the VIP program is that if they don't follow what's in the
22 guidelines that they'll inform us. And that doesn't
23 necessarily mean that it's unacceptable or -- and that we're
24 going to review it and even -- again, these are actions that we
25 look at in the perspective of satisfying Appendix B.

1 But the reason it does become important is when the
2 NRC is requested by other stakeholders to explain what's going
3 on at that site? We understand that they're not following the
4 guidelines that you approved. Well, the reason that we want to
5 know about it is so we can respond to that and say yes, we
6 understand that, but this is why it's okay. So that sharing of
7 information is very important for all of us to maintain
8 credibility.

9 MR. STEIN: Actually, Jack, maybe you can answer this
10 question. It's been more than five years since I've been
11 involved in commitment management, but there was an action
12 that -- and our projects took for developing a commitment
13 tracking system for plants. It sounds to me that we're talking
14 about something more than that, or are we just talking about --

15 MR. STROSNIDER: No. My understanding -- well, first
16 of all, with regard to that -- and I'm trying to come up to
17 speed on it recently -- is that we decided that it probably
18 wasn't worth the resources and that rather than the project
19 managers at NRC tracking all the commitments, that we would
20 deal with that on a sampling basis in terms of the inspection
21 program, and I don't know how much resources are going into
22 that at this point.

23 But in terms of what we're talking about -- and I
24 think again, we have to be -- what we need to be doing is
25 building upon existing frameworks, so if we get into an issue

1 with commitments, those commitments ought to be managed in
2 accordance with the endorsed guidelines.

3 Now, having said that, we did give some examples
4 which maybe are extreme, like Y2K, where we all recognize that
5 this is going to be beneficial. There's information that has
6 to be shared. And so maybe in some cases we'd say, How about
7 sharing this with us so that we can be responsible to other
8 stakeholders? But as a process, I wouldn't expect to go beyond
9 what's in the commitment tracking system as endorsed.

10 MR. HERMANN: Just a comment on it, I think what's
11 going on is projects is going down to finalize -- what they've
12 got is the revised version back on the NEI tracking situation.
13 I also think there's some thinking going on in terms of how
14 much of this stuff is really going to get picked up in our new
15 document management system in ADAMS? And so there is some
16 thoughts of maybe using some of the aspects of ADAMS to be able
17 to track commitments as part of that document management
18 system, and how that's going to work -- my guess is I'm going
19 to be pretty tired before ADAMS is implemented. But I guess I
20 shouldn't say that in public.

21 Okay. The next one we've got up here is planning and
22 resource allocation. Process and go through these?

23 MR. TUCKMAN: Yes. We ought to do that. I think we
24 covered some of the planning process earlier that might be
25 used.

1 MR. HERMANN: I think there's an agreement we need to
2 basically probably formalize some of this and develop the
3 levels and maybe try to put something in the process.

4 Do we need anything else on this, at this point? I
5 think this is thrashed through enough.

6 I guess as I -- the thing I mentioned earlier on this
7 one, we had talked to the fee management people and basically
8 they're discussion was, if it's more than two it's generic.
9 Throw it out.

10 MR. MARION: Oh, really?

11 MR. TUCKMAN: We've typically been using the, if it's
12 more than a couple it's generic. And I don't know how the fee
13 structure works right now, but it would seem like if it was a
14 total industry thing, as an example, it ought to be spread
15 across the industry. If it's a particular vendor type or if
16 it's a PWRs as an example or a BWRs, then it seems like it
17 ought to be spread over that population as opposed to the
18 entire --

19 MR. HERMANN: We discussed that with them, but it
20 seems like they -- we agree that probably makes a lot of sense,
21 but on the other hand, it seems like it's either off or on.

22 MR. STROSNIDER: The point, as I understand it, if
23 it's not a plant-specific, fee-billable activity, then it
24 basically goes into overhead, which means that every licensee
25 ends up sharing the cost.

1 MR. HERMANN: So I guess you win on some and you lose
2 on others. We can certainly take back comments that if it's a
3 particular vendor type that it's appropriate to bill that,
4 but --

5 MR. TUCKMAN: So you mean I have no BWRs and I'm
6 paying for the BWRVIP, but they're paying for the steam
7 generator programs?

8 MR. HERMANN: I'm not sure that -- I think there
9 might have been some dispensation on some of these programs.
10 I'm not sure exactly what all of the arrangements have been on
11 all these programs, and the truth of the matter -- there may be
12 a couple of these where really they aren't fee billable at all.

13 MR. MARION: On the industry-wide activities where
14 NEI develops a guideline document and submits it to NRC for
15 review, we basically have an understanding that the NRC review
16 fees are spread across the industry. And I think this needs to
17 be clarified because a lot of people are going to be upset if
18 they find out that they're being billed for a Westinghouse PWR
19 topical report review that's going to be used by six utilities
20 and they don't have a Westinghouse PWR, so we need a lot of
21 clarity in this area.

22 MR. STROSNIDER: I didn't mean to imply -- topical
23 report reviews are charged to the lead plant and to the vendor,
24 is my understanding, from a vendor topical.

25 MR. MARION: You also have a situation where the

1 owners groups appear to be, over the past year or two -- are
2 getting together more and more and appreciating the
3 efficiencies of working together to develop joint documents.
4 So you really need to differentiate that owners group product
5 which ought to be spread across everybody versus an owners
6 group-specific product.

7 MR. HERMANN: Yes. I agree. Certainly some issues
8 that are better as -- on the whole, and then there's some that,
9 like that CRDM housing issue. You just can't do that one -- I
10 don't think any grosser structure than by vendor type, because
11 there's so many differences in design to address that problem.
12 I think the owners groups individually -- how to address it by
13 owners group and a report there was any coarser than that
14 wouldn't have helped.

15 MR. STROSNIDER: I'll just make the comment, none of
16 the NRC staff here, I don't think, would claim to be experts on
17 how the fee process works, so we probably shouldn't go too far
18 out on a limb here. I would comment that to my knowledge, that
19 the fee issue has never caused a problem in terms of
20 implementing initiatives or whatever. It's always been worked
21 out, but it always comes up too. And so the guidance ought to
22 be clear to everybody and we need to work with the fees people
23 to get some explanation in this process --

24 MR. HERMANN: In the past there's been some ad hoc
25 decisions at some levels as to how to address some of these

1 issues, and it really doesn't help anything.

2 MR. TUCKMAN: I guess I would say, from a purely
3 academic viewpoint, things ought to be charged to the group
4 that in essence receives benefit from it. From a practical
5 sense, I'm not sure it matters.

6 MR. PALLA: I just want to throw in another angle to
7 it, and it's -- from the perspective of severe accidents, at
8 least our experience in severe accident management guideline
9 reviews, is that each of the owners groups submitted a --
10 basically I guess it would be a guideline document rather than
11 a topical. And the staff did spend some resources looking at
12 that, and fees were a sensitive issue. NEI was kind of a key
13 point of contact on this. They were concerned about fees.

14 Each of the owners groups were concerned about fees,
15 but because this topic was all related to severe accidents,
16 which are beyond the design basis, the decision was made -- and
17 this goes back many years ago, and it might be different today,
18 but I think it probably would be the same -- it was severe
19 accidents beyond requirements, and these fees were spread
20 across the whole industry rather than being charged to NEI or
21 being charged to the individual owners groups.

22 MR. STROSNIDER: I'm not sure there's a whole lot
23 more we can add on that subject, Bob. We can probably move on
24 to the next one.

25 MR. DYLE: Just real quick -- I think you need to

1 make sure it's done up front, because if there are review fees
2 that people are going to have to live with and it becomes 20
3 percent of the budget, that affects the size of the initiative.

4 MR. STROSNIDER: I agree completely. I think what we
5 need -- what we, NRC, need to do is go back to our fees people
6 and say, Give us some guidelines that we can incorporate in
7 this document, whatever the final product is, so that it's
8 clear.

9 MR. HERMANN: I think what you're really hearing now
10 is a reaction on both sides of the fence to, quote, running a
11 tight ship and an efficient organization, and everybody's got
12 operating plans and everybody's got budgets and everybody sure
13 wants to know where the money's coming from and how it's
14 getting paid for.

15 Okay. This is our favorite subject, inspection.

16 MR. TUCKMAN: Second most favorite.

17 MR. HERMANN: Second favorite.

18 MR. STEIN: I wasn't sure what the first bullet
19 meant, that inspection and monitoring should include tracking
20 of the commitments. What do we mean by that?

21 MR. HERMANN: I guess to me it's reasonably clear,
22 just tracking is part of the things we look at to make sure
23 that if the tracking is going on outside that they're in the
24 licensee's program as it were committed to.

25 MR. STEIN: Well, see, I guess --

1 MR. HERMANN: There's a set of guidelines up from NEI
2 on what's supposed to be done in terms of tracking and taking a
3 look at those to see that they're followed.

4 MR. STEIN: So the thought here is that inspection
5 would include that?

6 MR. HERMANN: Yes.

7 MR. STEIN: Okay. That's what I was trying to figure
8 out.

9 MR. STROSNIDER: I didn't quite hear all that, Bob,
10 because of the --

11 MR. HERMANN: It looks like we've got the -- or an
12 air compressor going on.

13 MR. STROSNIDER: I guess from the little bit I picked
14 up, I just -- I come back to the same guideline I've been
15 trying to throw out before, which is whatever's in our
16 inspection program and whatever the understanding is within the
17 commitment tracking system that we've endorsed, that's the sort
18 of inspection that we would apply.

19 MR. STEIN: Well, as far as I know right now, there's
20 nothing in the inspection program to review any sort of
21 commitment tracking program licensees may have.

22 MR. HERMANN: No. We agree.

23 MR. STROSNIDER: It brings up an interesting point
24 then. If we think there's a need to do that, then we'd have to
25 go back and probably incorporate that. We'd have to go through

1 every process to modify the inspection program.

2 MR. HERMANN: But the reason that's in there is
3 again, trying to scratch the itch that we perceived from the
4 SRM that the commission really wants to know that people are
5 doing what they're supposed to be doing and if it's not in the
6 commitment tracking system of the utility, how is that going to
7 be happening -- or if there is a commitment.

8 MR. SUMNER: Is the level of detail you're trying to
9 achieve is just to inspect to see if the particular utility
10 is -- if they said they were using a particular topical or a
11 particular guideline, they're using it, or is it to actually to
12 drill down into the actual implementation of that guideline and
13 their understanding of that guideline, or is it both?

14 MR. HERMANN: I would think the first one would be
15 whether or not they're using it. To me, the -- once it goes in
16 a -- say if it's for a safety-related program, once it goes
17 into an Appendix B program it's just like anything else. It's
18 not even -- it's something they're doing and it's covered under
19 their Appendix B program and that's the end of it.

20 MR. TUCKMAN: I guess I would look at this thing two
21 ways. One, if we've made a commitment to something, it's in
22 the commitment tracking program and that's a fair game. If
23 it's not -- if we haven't made a commitment to it formally on
24 the docket to the NRC, then what you guys need to do is
25 determine if some particular initiative has risk significance

1 and if it does, like we talked about the shut-down rule --
2 excuse me. The shut-down initiative -- if it has that level of
3 risk significance then you have an in, if you will, in
4 risk-conform inspections.

5 And you may or may not inspect every line, as we
6 talked about, but you ought to be looking. If it's that
7 risk-significant to fall in the baseline inspection, it ought
8 to be looked at.

9 MR. HERMANN: Well, my comment is you're on the same
10 page I'm on.

11 Anything else? Any more detail on this one
12 worthwhile?

13 MR. STROSNIDER: Just a comment, Bob. I'm looking at
14 a SECY paper 98-224, and I just suggest as part of looking at
15 this we ought to go back and take a look at this document,
16 because it talks about incorporating NRR's activities and in
17 regional activities some sampling of the commitment process.

18 MR. HERMANN: What's the name of --

19 MR. STROSNIDER: It's SECY 98-224, and this is the
20 staff and industry activities pertaining to the management of
21 commitments made by power reactor licensees to the NRC. It's
22 out on the web. So --

23 MR. PALLA: The -- just offer a comment -- there are
24 a number of inspection modules on various aspects of the
25 regulations and various systems and components at the plants,

1 and initiatives in the future may affect some subset of those.
2 So I would suggest as opposed to developing a separate
3 stand-alone instruction module for the broad set of commitments
4 related to initiatives, that if initiative in 2001 deals with
5 the reactor core pump pressure boundary for example, then we
6 take advantage of those inspection modules and add an item,
7 line item if you will, about the commitments that have been
8 made -- okay -- instead of reinventing the wheel.

9 MR. HERMANN: Will that do it? All right. Off to
10 the next one, public participation.

11 MR. TUCKMAN: We ought to have some.

12 MR. HERMANN: Good.

13 MR. MARION: Alex Marion again. I've been involved
14 in a couple of meetings with the NRC and interested
15 stakeholders who are interested in the access of information to
16 the public. And one of the things that's come out of the
17 couple of discussions thus far has been the public's interest
18 and desire in understanding the NRC's regulatory decision
19 making on a particular issue or a particular area. And I
20 think, consistent with the principles of good regulation that
21 were developed a few years ago, there is an element in there --
22 one of the principles speaks to public confidence and open,
23 candid discussion of regulatory decision making.

24 I think as the public understands the decision-making
25 process, that will help increase the level of confidence.

1 That's not to say that the public needs to be aware or should
2 be aware or is even interested in every single interaction
3 between the NRC and individual or some collective set of
4 licensees. There may be some that they are interested. There
5 may be others they're not interested. And the reason I'm
6 bringing that up is because I want to make sure that the
7 process that's put in place doesn't become a burden on all of
8 us in terms of trying to accommodate public participation and
9 interest.

10 And I don't know what the answer is, but I think the
11 specific issues that come up in the future where we would be
12 able to define some sense of, Okay. How much of this has to
13 be -- has to go beyond the routine? The routine is public
14 meetings. The routine is NRC articulating their
15 decision-making process. Is there something else that we need
16 to factor in to satisfy this particular element?

17 MR. HERMANN: Just a comment, and again, a little bit
18 on this, and then maybe the nature of the slide. There's a
19 couple of things that I think are fairly key on this one. I
20 think the treatment of -- that we have to do a good job if
21 there's going to be proprietary information associated with the
22 voluntary initiative of decent non-proprietary version that
23 explain enough of what the thing's about. It probably doesn't
24 have to be to the level of great technical detail to do it.

25 Having been the lucky person to participate in two or

1 three public meetings and tried to do fracture mechanics for
2 moms, that's not really, I think, what people are looking for,
3 but they certainly want to get an idea of maybe what things
4 mean in a broader sense and the things that are being done
5 about an issue, like on the VIP program; that there's many many
6 things going on to address many, many components, what the
7 scope of that might be. Not maybe the nits and grits that you
8 want to protect from propriety information, but the fact that
9 there's inspections for the various things that are on the
10 inside.

11 The last bullet up here on methodology -- one of the
12 things that's different here from -- if we do voluntary
13 initiatives outside of the -- in lieu of a regulatory action,
14 the things that get done in terms of noticing for rulemaking,
15 noticing for reg guides, things that appear in the Federal
16 Register, that's not necessarily a part of the process. I
17 think we have to have something in the process that provides
18 some kind of access of information and some way to get comment.

19 MR. STROSNIDER: The very specific example is where
20 the industry would come in and say rather than the NRC issuing
21 a generic letter in a particular area, that they're going to
22 take some initiative to address whatever the issue is. A
23 generic letter is issued for public comment, and through this
24 process, the public may lose that opportunity for comment, and
25 that's an issue that has come up when we've had internal

1 discussions on this and we need to figure out how to deal with
2 it.

3 MR. MARION: I would suggest that that is an element
4 of a regulatory decision-making process. You're thinking about
5 a generic letter. You meet with the industry and decide you're
6 not going to issue a generic letter in lieu of some industry
7 action. That needs to be captured and articulated and made
8 available to the public. That's the regulatory decision-making
9 I'm referring to. That's the kind of framework that has to be
10 decided.

11 MR. TUCKMAN: I guess what Jack is saying, if the NRC
12 ultimately issued a generic letter, it would receive comments
13 back on that generic letter, and by doing an industry
14 initiative, we deprive the public of the opportunity to comment
15 on the quality of that private initiative.

16 MR. STROSNIDER: Yes. See, the parallel would be,
17 you inform the public through whatever means that -- where
18 we're accepting this voluntary initiative in lieu of the
19 generic letter, and would you like to comment on the fact that
20 we're doing that? That's one thing. Two, do you want to
21 comment on the voluntary initiative itself, which, to be fair,
22 probably goes beyond what would typically be in the generic
23 letter, because the generic letter is -- provide comments on
24 what we're asking the industry to do, in essence, not how is it
25 going to be done.

1 So perhaps that's the thing, that we put out a notice
2 that says, Here's the initiative, and this is the expectation.
3 This is the understanding that we've come to with the industry
4 on what it's going to accomplish, and comment on this
5 objective.

6 But this is an area where I think -- quite frankly,
7 one of the things is we need to make sure we've got this in our
8 Federal Register notice and we really have to aggressively get
9 some input from those other stakeholders.

10 MR. HERMANN: Yes. But on the other hand, I think
11 we'd like to do that, but I think we ought to define something
12 in the process of the time frame available to do that, that we
13 can kick off an initiative, maybe get it going, address a
14 problem that's out there, and then solicit comments within 90
15 days after that or something, so that -- one of the things
16 that's been a benefit of voluntary initiatives -- have been
17 able to quickly react to problems and to start pursuing a
18 solution, maybe even outside of waiting 90 days to get things
19 done. I don't think we want to build ourselves into a box of
20 having to wait for a comment period before we can start one of
21 these.

22 MR. STROSNIDER: It would defeat one of the
23 objectives of this, in terms of timeliness, I think, if we were
24 to hold up actions. At the same time --

25 MR. TUCKMAN: I think there were two types of

1 initiatives we talked about. There is the initiative which is
2 the quick hitter, if you will, like the Prairie Island, the
3 CRDM crack -- is the other type that we're talking about to
4 plan ahead for next year. It seemed like the plan ahead for
5 next year type initiative is one that you'd want to open up and
6 say -- well, as a matter of fact, the public would have an
7 opportunity to participate in that forum, if you will. So they
8 would have some opportunity there, and you could notice it
9 after the decision's made that's what we're going to do.

10 The emerging initiatives that you want to handle
11 right now for the short term, you wouldn't have done it anyway.

12 MR. HERMANN: This is one that I think we're going to
13 have to articulate for putting out and request for input on
14 this. And might it be something, Alex, that we can get an
15 industry view on this from NEI on this one?

16 MR. MARION: Do you want it now?

17 MR. HERMANN: No. I meant as part of --

18 MR. MARION: We will comment on that.

19 MR. HERMANN: I just wanted to put on your plate for
20 this one.

21 Enough for this slide?

22 MR. PALLA: Bob, just a second. I just wanted to
23 make a comment. I know we keep coming back to these words,
24 when this initiative substitutes for a regulatory action. Back
25 on your definition of types of initiatives, you had those words

1 on the first bullet but not on the second, and I really think
2 that we wouldn't be talking voluntary initiatives with the
3 industry unless, in fact, you're substituting for a regulatory
4 action in all cases. I think it's implicit in anything that we
5 move forward with, so I think it may be confusing to bring it
6 up as if it applies to one type of voluntary action and not to
7 another.

8 I think we wouldn't be talking about this as a
9 voluntary initiative unless in all cases there would have been
10 a regulatory action.

11 MR. HERMANN: I think we need a change the
12 definitions to maybe just have them both be regulatory actions
13 and one inside the design base and one outside the design base
14 that constitutes a safety enhancement, is I think maybe a
15 better definition. I'm getting back to the definitions.
16 Rather -- both of them would be --

17 MR. TUCKMAN: One and two are both --

18 MR. STROSNIDER: May I just suggest that we're a
19 little careful there. I think we had an initial strategy here
20 which was that these definitions were going to parallel
21 basically what's in 5109, which is what dictates what sort of
22 regulatory action you take, and there was a certain logic
23 there. And I think we ought to be careful that -- I think
24 that's a good logic. We get more comments on that when we put
25 this out in the Federal Register, but I don't want to deviate

1 too far from that because I think it makes us consistent.

2 MR. HERMANN: I think that's how it originally was
3 presented as part of the paper that went to the commission in
4 the first place, that they're both in lieu of regulatory
5 actions. One basically -- I'll put it in my language. One's
6 basically a compliance-based exception of 5109 and the other
7 one is basically a justifiable backfit for 5109, which is -- I
8 would prefer to write them that way. But this is a camel.

9 Enough of this one? Okay. And the last one up here
10 is enforcement.

11 MR. MARION: I think this is probably an element that
12 will clearly fall out of a good understanding of the
13 definitions related to regulatory action that the initiative is
14 intended to supplant as well as NRC's regulatory decision
15 making. The significance of the initiative topic or action
16 relative to plant safety -- and that includes the risk element
17 of course -- and once all those get cleared up and understood,
18 then I think the enforcement question falls into place.

19 I can tell you that you will likely receive a
20 significant amount of comments in this area, just based upon
21 the provisions that you referenced, 50.9, Appendix B, and the
22 Atomic Energy Act. I've already gotten calls from lawyers, and
23 I'd hate to receive what they're going to say. But this is an
24 area where you really need to focus some clear definition, and
25 I think to the extent you can link it to regulatory action and

1 decision making, it'll be easily understood by external
2 parties.

3 MR. TUCKMAN: From a practical sense, the way you're
4 going to determine whether we've met an initiative or not met
5 an initiative and whether we're complying or not is through
6 either the plant has some event, if you will, or at the
7 inspection process. That's the two ways you're going to know
8 it. All those fit very well into the new oversight process and
9 the enforcement process, so I don't know that you have to do
10 anything special at all in regard to these initiatives. If
11 it's a safety-significant issue, it's going to wind up in the
12 base module or you're going to find it in the inspection
13 process. You're going to go through the risk-significant stuff
14 and you can determine where we are.

15 MR. STEIN: That's very true. For those initiatives
16 that -- and activities that have a direct impact on the plant
17 and plant equipment, that's absolutely true. The performance
18 indicators or inspection findings will go through -- will have
19 some assessment for risk and then our follow-up actions in
20 enforcement are based on that.

21 But what I'm hearing is that there will be -- there
22 may be a lot of initiatives that are more programmatic, that
23 is, we plan to have a plan in place to do something. Those
24 don't tie directly back to plant risk and therefore will not
25 fit that -- the new oversight process very well and fall into

1 this very last bullet, and that is -- I'm sorry -- they don't
2 fall into that either. They fall into an area that's our
3 current enforcement policy of severity levels, and that's where
4 we have a problem with the initiatives, because if there is not
5 regulation basis for the initiative, then there may not be a
6 basis for enforcement.

7 MR. TUCKMAN: Well, I'm an amateur speaking on
8 enforcement, only having been a victim of it. Under today's
9 rules, a Level 3 violation, as I understand it, now has to have
10 an actual safety consequence. Not potential, but an actual
11 safety consequence. Right?

12 MR. STEIN: I'm also not an expert --

13 MR. TUCKMAN: Okay. I think that's correct. When
14 you go down to Level 4 violations, it either has to be willful
15 or some pervasive reason to even be cited these days, as
16 opposed to a non-cited violation.

17 MR. STEIN: Willful non-compliance is a whole other
18 subset.

19 MR. TUCKMAN: Right. And we're not talking --

20 MR. STEIN: We're not talking about willful.

21 MR. TUCKMAN: So I've got --

22 MR. STEIN: I corrected myself. That bottom bullet
23 is not what I meant.

24 MR. TUCKMAN: Where I'm headed to, I guess, is under
25 the new enforcement policy, receiving violations, which is

1 enforcement, whether it be escalated enforcement or a normal
2 Level 4, are fairly unusual these days. If you look at the
3 chart of the number of violations that have been issued in the
4 industry, cited violations, it's rather minuscule. If you look
5 at non-cited violations, of course it's a much bigger number,
6 so the total number of violations is about constant.

7 So I'm not sure why we're straining enforcement of
8 these particular initiatives. If it's safety-significant,
9 it'll get taken care of. If it's not safety-significant but
10 it's programmatic in nature -- an observation or a PIM
11 [phonetic] item, if you will -- we'll call it out.

12 MR. HERMANN: I think that's what we were trying to
13 reflect up here, and maybe we didn't articulate it very well,
14 but we called out the risk-informed process. We talked about
15 things that are low to moderate risk-significant things,
16 basically deviations from commitments go on a program. The
17 other part of it -- we talked about the traditional way of
18 looking at things, but with the -- this is on the first item --
19 but spinning it back again into the CAP program rather than
20 issuing notices of violation on it.

21 MR. TUCKMAN: I'm just not sure why you're even
22 elaborating on it, other than to say in the normal course of --

23 MR. HERMANN: Because when we met with the internal
24 stakeholders meeting, we got a bunch of lawyers in OE and
25 OGC --

1 MR. TUCKMAN: Okay. That's the problem.

2 MR. HERMANN: -- and enforcement people. Well so do
3 you.

4 MR. STROSNIDER: But I think to be fair here, the
5 real -- to go back and kind of reflect on the discussions that
6 we've been having, if we have well-defined -- if we have good
7 definitions that explain the basis for these voluntary
8 initiatives and what they're intended to do, they will
9 naturally fall into the right categories of compliance and as
10 such, the existing inspection program and the existing
11 enforcement program and everything should work. We shouldn't
12 have to create anything new or unique for these initiatives.
13 The trick is to make sure that we get them defined right up
14 front. We determine do we need commitments on them or don't we
15 need commitments. Do they fall under some existing regulation
16 already? Some of these initiatives are just say, Hey. Here's
17 what we're going to do to maintain compliance, in which case
18 the rest of it just comes naturally out of that, so nothing
19 special for this beyond what's in the existing programs.

20 MR. HERMANN: Just a comment on this one on the
21 second item first. The word and after 182 probably should be
22 an or. It's probably more profound. If you ended up -- I
23 think what the thinking is, if you end up with a
24 highly-significant item that's outside the -- highly
25 safety-significant item that's outside the design basis,

1 outside of the rest, there's no commitment on the part of the
2 industry to do it right now. We've agreed I think with our
3 discussion with the enforcement people that's not an
4 enforcement issue.

5 That's a regulatory issue at that time, that the
6 Agency has the responsibility if it wants to do something it
7 can do it under 5054(f). It can do it under orders, and that
8 would be the vehicle for addressing an issue that would be
9 outside of things, to go down that road. If there's no
10 commitment, there is -- none of the rest of the things. If
11 it's highly safety-significant and something needs to be done
12 and it's not being done, that's the place you go for it.

13 Anything else?

14 MR. STROSNIDER: I think the last page we need to
15 spend a few minutes on, which was the --

16 MR. HERMANN: Schedule.

17 MR. STROSNIDER: -- the schedule. And not so much
18 the schedule in the sense that we -- the staff has been given a
19 schedule by the commission and we owe them a product next May.
20 We've indicated our intent to solicit some additional comments
21 through the Federal Register and we're going to shoot for doing
22 that by the end of November. But the thing that I would ask
23 people to think about -- and I don't know if they want to
24 comment on it now. I'd certainly like to see some comments in
25 response to the Federal Register, and that is what is the

1 vehicle for doing this?

2 We talked briefly about it before. There's number of
3 options, and we talked about regulatory guides. We talked
4 about the new letter -- regulatory issues letter. To what
5 extent -- we will incorporate a lot of existing programs, as we
6 just talked about: enforcement, inspection, et cetera, and try
7 to reference those things. I would encourage the industry in
8 particular to take a look at this and say, is there something
9 else that they want to put on the plate in terms of NRC
10 endorsement.

11 The final product that we put out, whatever form it's
12 in, may look very much, quite frankly -- it may just be an
13 outline that references a whole bunch of already existing
14 programs, although there has to be some very clear -- some new
15 stuff in terms of the definitions and the -- how we identify
16 and interact to make these things happen. But I would
17 emphasize again that I think this, in the context of voluntary
18 initiatives, for this to work well we have to have a lot of
19 input from the stakeholders and make sure that we all have an
20 understanding how it will work.

21 And so that's an area which, like I say, I don't know
22 if anybody wants to provide some initial thinking, but
23 certainly I want to see some -- hoping to see some response to
24 the Federal Register.

25 MR. MARION: We of course will comment. The only

1 thing I'm struggling with is whether or not the 45-day comment
2 period that you're thinking of right now is adequate for us.
3 Based upon the discussion and some of the topics that were
4 raised today, I see us discussing this with the strategic
5 issues advisory group at NEI, which is comprise of the chief
6 nuclear officers and I want to have time to brief them and get
7 their input and meet your schedule.

8 We would probably make a request for at least 60
9 days, hopefully 90 days, if you can fit it in for this public
10 comment period. But 45 is really making it tight, especially
11 when you're running into the holidays. So anyway, that's
12 something I ask you to consider.

13 MR. HERMANN: Yes. Hopefully, maybe you can do
14 something to help yourself on the comments. We wouldn't have
15 the thing out in the Federal Register, but on the other hand,
16 there's a month in here -- the presumption that it's going to
17 basically take a month to get the thing out where we can notice
18 it. So we wouldn't have any problems with you initiating --

19 MR. MARION: The request for an extension, or --

20 MR. HERMANN: No. Take the month you have now in
21 between -- before the notice comes out to start working on the
22 program, because if we get out much longer than this, what's
23 going to happen is it's going to be very difficult to meet the
24 end of May deadline to go to the commission, and we don't have
25 any latitude on that. So we'll try to be as flexible as we

1 can, but I would think it would be helpful to everybody if you
2 started kicking it off like first of November.

3 MR. STROSNIDER: Yes. We understand your comment,
4 and I guess what -- and we could just take the comment and
5 what's on the record here and I guess use that as a basis for
6 modifying --

7 MR. TUCKMAN: I would hope you would have a broader
8 input.

9 MR. STROSNIDER: Yes. Well, what I'd really ask you
10 to do, Alex, if you would, is if you could get back to us -- go
11 back and see what you really think you need in order to get
12 this through the right person. We do want the right people to
13 take a look at it, but on the other hand, we do have this
14 pressure. And maybe you could come back and tell us what the
15 best you can do is.

16 MR. MARION: Yes. I can check the schedule of our
17 meetings. I think we have some meetings towards the end of the
18 year or the early part of next year, but another area I'm
19 concerned about is the owners groups, which are a key player in
20 this effort. They have a series of meetings with their
21 executive committees, and I don't know off the top of my head
22 whether any of them are scheduled within this time frame from
23 today on to January 15, but I can get that information --

24 MR. STROSNIDER: Yes. If you'd be willing to do that
25 and then get back to us, we could see where we go from there.

1 MR. MARION: Okay. All right. Thank you.

2 MR. HERMANN: Maybe one of the things that we could
3 do to facilitate things, I think we -- as long as we put the
4 transcript in the public document room, I think we ought to be
5 able to provide them copies of the transcript. Will that help
6 or hinder?

7 MR. STROSNIDER: Hopefully it will help.

8 MR. HERMANN: Any more from anybody?

9 MR. STROSNIDER: Well, I'd just like to comment that
10 I do appreciate people's attendance here today. I think -- I
11 was a little disappointed perhaps that we didn't have more, but
12 I think it was a productive discussion. I think there's
13 quality -- and I think though there's some real significant
14 benefits to be had by all the stakeholders in this process, and
15 I'd just summarize again by encouraging everyone to provide
16 comments, noting that some of the other stakeholders couldn't
17 make it today. It's unfortunate, but hopefully they'll review
18 the transcript and certainly they'll see the Federal Register
19 notice, and I would encourage everybody to provide us input.

20 And I appreciate everybody's time and thought.

21 MR. HERMANN: Thank you.

22 [Whereupon, at 12:10 p.m., the meeting was
23 concluded.]

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